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## Letter to First Minister

Dear First Minister,

I am pleased to present to you our annual report for 2006/2007.

I am delighted to report that during 2006/07 we met all of our performance measurements and this report offers some highlights of those outputs. By working in partnership, Scottish Enterprise has made a positive impact on areas of Scottish life and work which enhances our competitiveness in a global economy.

This review gives many examples of our activities, but I would draw to your attention our investment in support of life sciences as a prime example of how SE is working with a host of private and public sector partners to help an industrial sector realise its full potential. In addition our efforts to encourage more business research and development and gaining economic advantage from new ideas across a variety of industries are also paying dividends. In my opinion, this is how Scottish Enterprise delivers real value for Scotland by joining up our capabilities and making our assets count for more in the world.

The Scottish Enterprise Board continually strive to ensure our work has a tangible impact on the economy and tied to this is Scottish Enterprise's recognition of the need for us to evolve to ensure we prioritise our resources to get the best possible return on our investment.

Both the Scottish Enterprise Board and the Executive team are confident that we are truly focused on areas of work which the economy dictates are essential to our future economic prosperity - priority industries and growing business.

We look forward to working with you in the future.



**Sir John Ward CBE**  
Chairman

29th August 2007



## Chairman's Foreword

Scotland's economic performance continued to improve in 2006/07. GDP and business outputs are growing, while the level of employment is in the top quartile of the OECD, with most forecasts indicating that these trends can be sustained. Scotland also continues to enjoy a competitive position in creativity, and has significant natural resources to support wealth creation as well as many internationally competitive industries.

However, we continue to have opportunities to improve our wealth creation in the areas of business research and development, entrepreneurial activity and in building companies of scale. It will be through resolving these issues that we can close the productivity gap between Scotland and the top quartile of the OECD. These are the areas where Scottish Enterprise's strategy is specifically directed. Our focus is on priority industries at national and regional levels and concentrating on economic metropolitan hubs which are key drivers of wealth creation in a service economy – both seeking to join up the capabilities of the silos and geographies to the benefit of the economy.

Scottish Enterprise major investments committed in response to this strategy include:

- Translational Medicine involving four universities and four NHS Trusts, bringing together all our capabilities to succeed in a globally competitive market;
- The creation of the Edinburgh BioQuarter infrastructure, involving the capabilities of a major hospital, two university schools and Scottish Enterprise, and securing new international investment potential of £250 million with no further public subsidy;

- The development of a significant financial services district in cooperation with the City of Glasgow, securing three new major employment commitments to the city;
- A focus on wider and larger potential opportunities through metropolitan planning, a range of investment proposals based on the potential of each economic hub.

Our challenge is to continue to move from tracking inputs to measuring tangible economic outcomes. The starting point is to have a clear statement of demand from our priority industries and account managed customers, which will form the basis of decision making and outcome measurement. The Scottish Enterprise pipelines which cover competitive place, metropolitan hubs, business programmes and skill programmes are required to respond to this demand.

We look forward to supporting the Scottish Government as it shapes its economic strategy for Scotland and in playing our part in securing the full potential of the country's wealth creating capability. Whatever change is required, we will ensure the substantial capabilities of Scottish Enterprise are brought to bear in effective and efficient delivery.

I extend my sincere thanks to our customers and partners for their highly valued support through the year, and to the work and commitment of the Scottish Enterprise Board and the Board's across the Network for their invaluable contribution to the success and achievement of the organisation. Further thanks go to our staff, at all levels and in all locations, for their hard work and resilience in a challenging environment which has been greatly valued.

**Sir John Ward CBE**  
Chairman



## Chief Executive's Report

In the annual report for 2005/06 I signalled the start of important changes to the way in which Scottish Enterprise (SE) delivers higher levels of value to our customers and the Scottish economy. These largely centred on the tailoring of our services in response to the demands of our key industries and in developing projects of "metropolitan" scale.

Our commitment to helping grow the Scottish economy is evidenced by achieving or exceeding every one of the 12 "measures of progress" in 2006/07. These demonstrate where our efforts are making a real difference.

Details of our activities and the economic impact they made are set out in the rest of this review. But I would like to single a few out for a special mention:

The development of the **Edinburgh BioQuarter**, which is expected to generate £250 million of investment and create 6,500 new jobs, took a major step forward with the appointment of Alexandria Real Estate Equities, the largest dedicated life science property specialist in North America, as the development partner for the commercial research campus. The creation of this campus, integrating the Royal Infirmary of Edinburgh, the Queen's Medical Research

Institute and the Scottish Centre for Regenerative Medicine with 1.4 million square feet of commercial life sciences space, will be unique in Europe, and is hugely exciting.

Our support for growing companies was recognised in a report by research organisation, Library House, which named SE as the top investor in European venture capital backed companies in the first part of 2007 with 17 investments.

Our **R&D Plus programme** generated an additional £80.7m of business research and development that would not otherwise happen in Scotland with an investment of £13.7m in 21 projects.

The number of young people who moved on to more advanced training or into employment after taking part in national training programmes funded by SE was 21,164, nearly 13% more than in 2005/06.

Our decision to increase investment in our overseas sales force is also paying off with strong overall levels of foreign direct investment into Scotland during 2006/07. **Scottish Development International** secured 59 inward investment projects worth more than £313 million and creating or safeguarding up to 7,500 jobs. Nearly 1,800 of these were high-value jobs, with over a third more R&D investments coming to

Scotland than the UK and European averages. According to the European Investment Monitor, Scotland won more R&D projects than at any time over the past six years during 2006, equalling the number won by London and the South East for the first time.

While the purpose of this review is to look back on the year gone by, it would be appropriate to take this opportunity to say something about the future. The new Scottish Government, which came to power in May 2007 has, as might be expected, new aspirations for the Scottish economy. I am delighted to see the importance they attach to achieving better and faster growth.

This review demonstrates examples of where SE can make a real contribution to achieving these aspirations.

At the time of writing, consultation with business groups, stakeholders and partners is underway on the future of the enterprise networks of Scotland.

We await the outcome of these discussions and stand ready to play our part to the full. We continue to look forward with both confidence and excitement in the opportunities facing Scotland.

Inevitably, though, the prospect of change can bring with it uncertainty. However I am delighted that despite this the staff of Scottish Enterprise have remained dedicated to the service of our customers. I thank them for their achievements this year and their continued commitment to the future growth of the Scottish economy.



**Jack Perry**  
Chief Executive



## Highlights of the Year

Scottish Enterprise is the main economic development agency for Scotland covering 93% of the population from Grampian to the Borders. The Scottish Enterprise Network consists of Scottish Enterprise and 12 Local Enterprise Companies, Scottish Development International and Careers Scotland. Working in partnership with the private and public sectors the Network aims to build more and better businesses, to develop the skills and knowledge of Scottish people, and to encourage innovation to make Scottish business internationally competitive.

More details of what we have delivered are included later in this review, however the following highlights provide a snapshot of activities during 2006/07:

### Edinburgh BioQuarter

Major progress was made on the development of the Edinburgh BioQuarter, a major project that's helping to attract global interest in Scotland's life sciences capabilities. This included the appointment of Alexandria Real Estate Equities, the largest dedicated life science property specialist in North America, as the development partner for the

commercial research campus. The BioQuarter is a collaboration between Scottish Enterprise, the University of Edinburgh and NHS Lothian on the outskirts of Edinburgh. It is expected to generate £250 million of new private sector investment and create 6,500 new jobs.

**Investment** £23m to be invested over 15 years.

**Impact** Generating £250m of new private sector investment and up to 6,500 jobs.

### High Growth Start-ups

During 2006/2007 the High Growth Start-up Unit, which focuses on the creation of high-value, technology-based start-ups, supported 14 new businesses. The Unit has supported 74 high growth start ups since it was set up 5 years ago (of which 52

are trading). An evaluation of the Unit in Spring 2007 concluded that the economic impact of these businesses is expected to reach over £250m by 2010 with the potential to create up to 840 high value jobs.

**Investment** £500,000 per year.

**Impact** Over £250m economic value added and more than 800 high value jobs by 2010.

## Investment in Businesses

Evidence that Scottish Enterprise's efforts to stimulate investment in businesses were making their mark was found in a report by research organisation, Library House, which said SE was the top investor in European venture capital

backed companies in the first part of 2007. During 2006/07 the Scottish Co-investment Fund made 49 investments worth £6.7m and attracted £18m from the private sector. The Scottish Venture Fund made its first investment of £2m.

**Investment** £23m has been invested since 2002 by the Scottish Co-investment Fund (SCF).

**Impact** 162 financial deals have been supported (99 different companies) attracting a further £54.4m from the private sector.

## Scottish Manufacturing Advisory Service (SMAS)

SMAS dealt with 506 company enquiries for manufacturing advice and carried out 198 one-day Manufacturing Reviews. If all recommendations are implemented,

then Scottish manufacturers estimate that they will realise savings and benefits worth more than £23m.

**Investment** £900,000 in its first year.

**Impact** Helping manufacturing companies achieve potential savings and benefits of up to £23m.

## R&D Plus

In the last year, £13.7m was awarded to 21 Scottish-based companies under the R&D Plus initiative which helps to stimulate new research and development by Scottish Business. This generated an additional £80.7m of business

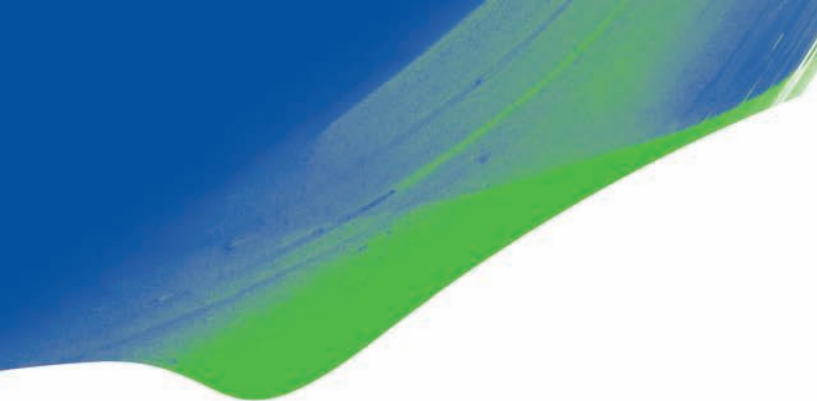
research and development in Scotland that would not otherwise happen. To date the fund has supported projects which have led to around £163m of new research and development.

**Investment** £23m over 4 years.

**Impact** Supporting £163m of new research and development that would not otherwise happen in Scotland (to April 2007).







## National Training Programmes

Better results were achieved with the three main national training programmes for young people run by Scottish Enterprise – Skillseekers, Modern Apprenticeships and Get Ready for Work. The number participating in SE-funded occupational training programmes at the end of March 2007 was 38,779. Those in training to achieve a formal vocational qualification,

move on to more advanced training or go into training or employment, was 21,164 – nearly 13% more than in 2005/06. An evaluation of MAs and Skillseekers showed that 90% of employers value the qualification, 86% say staff are more skilled and 78% believe that the programmes have made their staff more productive.

**Investment** Around £100m per year.

**Impact** 40,000 in training each year with a total of 21,000 young people achieving vocational qualifications or moving on to advanced training or training and employment – a 13 per cent increase on 2005/06.

## Inward Investment

Scottish Development International (SDI) secured 1,775 planned high value jobs exceeding its projected range of 1,200 – 1,500. Overall levels of inward investment in Scotland were also strong with a total of 59 inward investment projects worth more than £313 million and creating or safeguarding up to

7,500 jobs. Scotland secures over a third more research and development investments than the UK and European averages with around one in every seven inward investment projects involving R&D functions. In addition, the average project size in Scotland is 30% above the UK average.

**Investment** £5.6m in 2006/07.

**Impact** Attracting a third more research and development investments than the UK and European average, and projects 30% above the UK average.



## Globalscot

The Globalscot network which brings together Scottish businesses with influential business people overseas held its inaugural Globalscot Conference in Edinburgh in September 2006. As a result around 1,700 new business connections were made between Scottish companies and Globalscots and between Globalscots themselves.

Delegates estimated potential new business worth up to £8m as a result of the conference. To date the innovative Globalscot network has helped thousands of Scottish organisations and a recent evaluation of the programme identified over £28m of benefits to the companies taking part.

**Investment** £900,000 over three years.

**Impact** Making international business connections worth more than £28m.

## Translational Medicine Research Collaboration (TMRC)

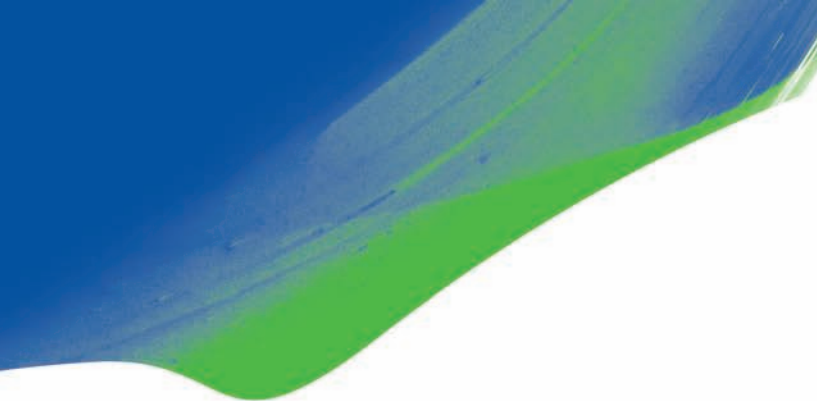
TMRC, the unique venture bringing together Wyeth, one of the world's biggest pharmaceutical companies, with four of Scotland's universities and four NHS trusts announced the first round of research projects to be funded through the new £50 million initiative. Almost £8 million was awarded to 28 new research projects

in Glasgow, Dundee, Edinburgh and Aberdeen, covering a wide range of therapeutic areas including cardiovascular and metabolic disease; the central nervous system and oncology. Commercial proceeds from the intellectual property generated will be shared by partners of the collaboration.

**Investment** £17.5m to be invested over five years.

**Impact** £33m private sector investment for new research projects in translational medicine.





## Clyde Waterfront

Local enterprise companies in Glasgow, Dunbartonshire and Renfrewshire are working together to deliver a package of SE investment in excess of £120m over seven years to help transform the Clyde Waterfront. Local authorities in Glasgow, Renfrewshire, West Dunbartonshire and Inverclyde and the Scottish Executive are partners in the ambitious project which stretches from the outskirts of Glasgow in the east to the Firth of Clyde in the west.

The Clyde Arc, the first new road bridge across the Clyde since 1928 was opened September 2006. It

improved access to the Digital Media Campus at Pacific Quay, which is home to the new headquarters of both BBC Scotland and SMG. Total investment on the site is £48m. Glasgow's International Financial Services District (IFSD) proved popular with financial services companies seeking to set up operations in Scotland, including J P Morgan, Barclays, First Data and Ace INA Services. A review, carried out during 2006/07, revealed the IFSD is on course to deliver its target of attracting 20,000 jobs to the area and creating two million square feet of quality office accommodation by 2011.

**Investment** £22m of £39m public sector investment along the Clyde since 2003.

**Impact** Attracted additional private sector investment of £277m since March 2003.

## Careers Scotland (CS)

Whilst its integration within Scottish Enterprise has been under review throughout 06/07, CS has continued to support people of all ages to make well informed choices about work, learning and training and to be successful within the changing labour market. In

2006/07 it worked with 202,433 individuals – an increase of 14,000 from 2005/06 with the largest increase amongst adult customers. During 2006/07 CS also, for the first time provided face to face counselling for every S4 pupil leaving school.

**Investment** £43m in 2006/07.

**Impact** Providing more than 200,000 people with advice on work, education and training.

## Proof of Concept Programme

12 projects representing an investment of £2.14 million were awarded in 2006/07 by the Proof of Concept Programme which helps academic institutions capitalise on their technological innovation. Since its inception it has backed 184

projects creating 500 new jobs as a result. Recent independent evaluation has estimated that these projects are creating £125 million additional value for the Scottish economy.

**Investment** £30m since 1999.

**Impact** Creating £125m additional value for the Scottish economy.

## Business Start-ups and Growing Companies

SE supported the creation of 9,334 start ups, which represents around half of those which started in Scotland in the year. Positive signs are the increase in the number of starts by women and young people (42% of these starts were by women).

SE's account and client managers worked closely with 1,684 existing companies during 06/07 providing advice and services on a range of business development issues, from innovation funding and internationalisation to waste management and workforce development.

**Investment** £62.7m during 2006/07.

**Impact** Supporting around half of all new businesses in Scotland and working with nearly 1,700 companies to improve sales each year.

## Intermediary Technology Institutes

The innovative Intermediary Technology Institutes in life sciences, energy and tech-media have continued to pursue new technologies in new markets. 20 programmes are underway with £117 million in funding committed

over the past four years, some 90 patents filed, seven IP licensing deals already achieved, with more deals in negotiation. Each of these has the potential to propel companies based in Scotland and the UK to the forefront of new global markets.

**Investment** £117m invested in new research over four years.

**Impact** Twenty research programmes underway, 90 patents filed and seven IP licensing deals achieved.

## Our Performance

The network achieved or exceeded all of its priority measures of progress.

Growing Businesses		
Aims	Forecast Range	Actual
Business start-ups helped	9,000 - 10,000	9,334
High-growth business start-ups helped	10 - 15	14
Companies receiving dedicated support to increase sales	1,000 - 1,200	1,684
IP licences and new collaborative ventures supported	100 - 120	152
Value of private investment through the Co-Investment Fund per £1 invested.	£2 - £2.50	£2.70

Global Connections		
Aims	Forecast Range	Actual
Organisations in priority industries helped to do business internationally*	500 - 600	625
Planned high-value jobs brought to Scotland through inward investment*	1,200 - 1,500	1,775
Additional investment attracted to high impact projects per £1 spent	£2.50 - £3	£3.30

Skills and Learning		
Aims	Forecast Range	Actual
Individuals receiving advice from Careers Scotland	175,000 - 195,000	202,433
Individuals on occupational training programmes	36,000 - 42,000	38,779
Individuals achieving positive outcomes from occupational training	15,000 - 18,000	21,164
Companies implementing Workforce Development	450 - 500	726

\* These measures reflect Scottish Development International's all Scotland remit, including the Highland & Island Enterprise area.

## Financial Summary

This summary indicates how we used our cash resources during 2006/07 against our strategic objectives. As noted in the previous section of this Review, we achieved all our performance objectives, and exceeded targets in many of them.

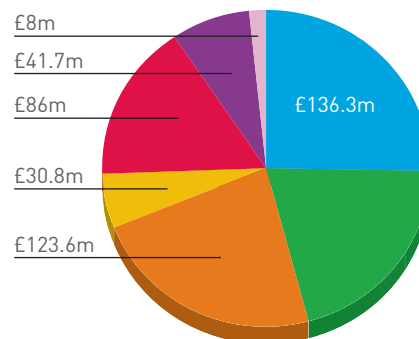
The detailed Scottish Enterprise 2006/07 Annual Report and Accounts are available online at [www.scottish-enterprise.com/accounts](http://www.scottish-enterprise.com/accounts). They received an unqualified audit opinion from the Independent Auditor, KPMG.

The annual report includes a detailed management commentary which refers to the network's financial performance during the year and its sources of funding.

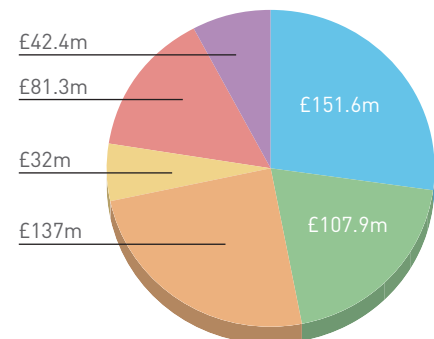
As noted in the management commentary, our net cash expenditure was £912,000, or 0.2%, below our related resource budget allocation. This outturn demonstrates the improvements we have made to our financial management and control arrangements during the year. This work has continued during the current financial year as we continue to develop and improve our internal processes and systems.

Overall, expenditure in 2006/07 has fallen by £16.2m (3%) compared to 2005/06 reflecting a corresponding reduction in the overall resources available to the Network.

**2006/07 Network Expenditure**  
total **£536.0m**

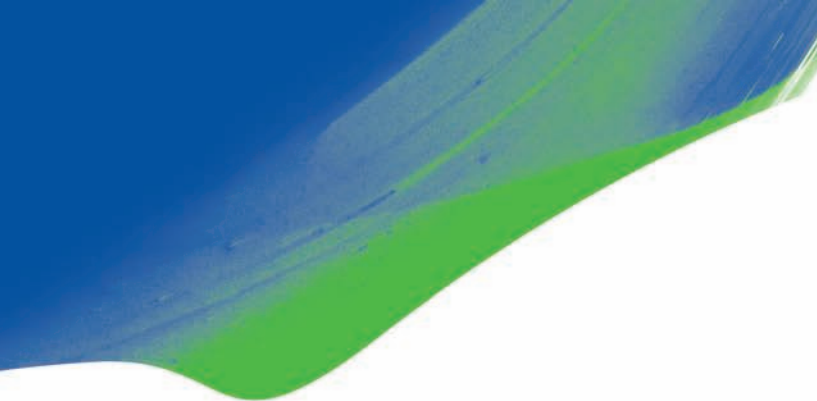


**2005/06 Network Expenditure**  
total **£552.2m**



- Growing Businesses
- Global Connections
- Skills & Learning
- Network Development

- Operational Staff Costs
- Network Support
- Severance Costs

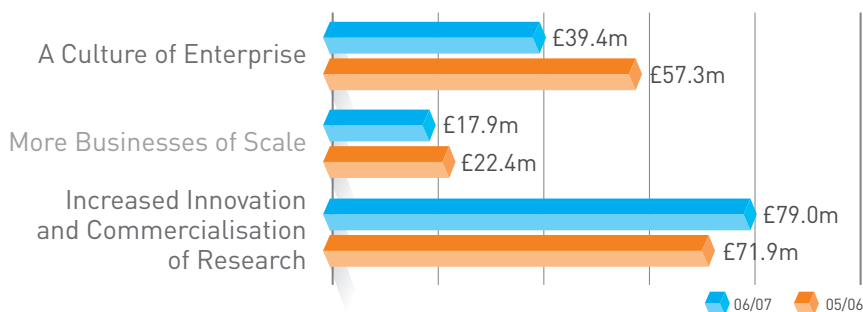


## Growing Businesses

Businesses and the people who work in them power the Scottish economy. The success of Scotland's businesses in becoming more productive and innovative is vital if they are to compete effectively in the global and local marketplace. The focus of our activity in this area is in key industries, business start up and

support to growth companies in all sectors who make a disproportionate impact on the Scottish economy with SE support.

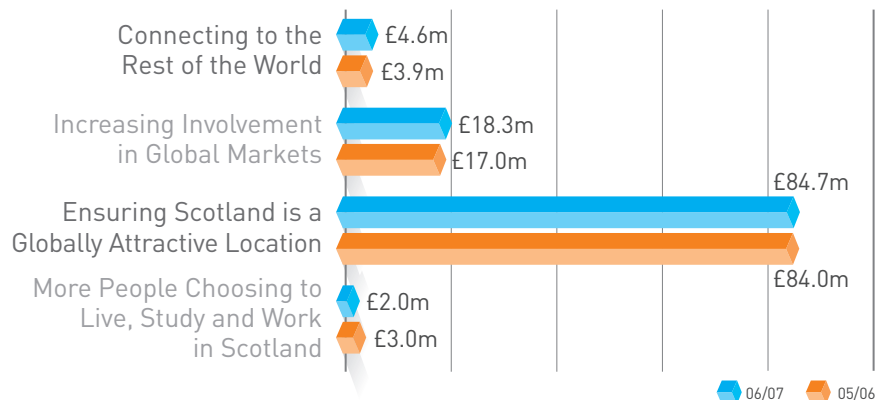
25% of our resources are used in supporting growing businesses. Expenditure has focused on business innovation and the commercialisation of research, including our successful Proof of Concept fund.



## Global Connections

Scotland is improving its links and position within the global economy and is an attractive location for investment, and as a place to live, study and work. Further investment is important to ensure that this position is maintained and developed.

Global Connections use 20% of our resources. We have enhanced our overseas presence over the past two years to ensure we are fully engaged in developing global markets for Scottish businesses. We have also continued to make significant investments in high impact projects, such as the Clyde Waterfront, to make Scotland a more attractive place for business to invest.



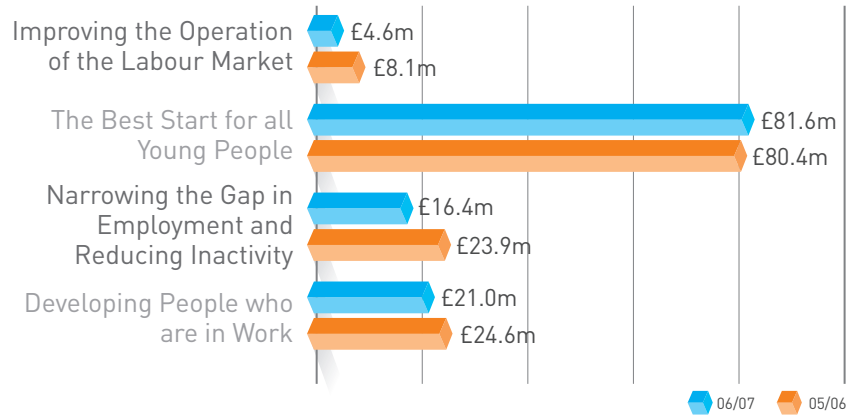
## Skills & Learning

A prosperous and sustainable Scotland has to realise the full potential of its people. This includes raising productivity levels as well as the number of people in work.

Continued investment in this area is vital, as is ensuring that we make the most efficient use of our resources. Not only did we achieve our performance objectives for the year, and surpass most of our

achievements in 2005/06, we did so at lower cost. The balance of how we used our resources has also changed during the year with an increased focus on young people in the Modern Apprenticeship programme.

Our Skills and Learning activities also cover the important work carried out by Careers Scotland to support and enable people of all ages to make informed choices about work, learning and training.



## Network Development

This expenditure relates to the investment we make in research and development activity to gain a better understanding of the rapidly changing world economy and Scotland's place in it. Network development also includes the investment we have made in

improving our information systems. Expenditure in this area has decreased since last year as we completed the development and implementation of new Network information systems.





## Operational Staff Salaries & Employment Costs

Our operational staff work directly with businesses, organisations and individuals to support the development of Scotland's economy. Face to face contact is vital to the delivery of our economic development activity. We are working to ensure that we focus and maximise the resources devoted to these front line services. Despite a reduction in headcount, there was during the year an increase in employment costs arising in part from a required increase in contributions to our main employee pension scheme.

## Network Support

Network Support includes the costs of our premises and support staff. We continue to improve the efficiency of our organisation in order to maximise the resources allocated to front line services. As a result of the on going work in this area, costs have reduced since last year.

## Severance Costs

As noted previously, we continue to consider ways in which we can be more efficient and improve our focus on delivery to customers. To meet that objective, a voluntary severance programme was implemented during the last quarter of the financial year. The objective of the programme was to reduce staff numbers at senior management level. The programme was successful and will result in 39 staff leaving the organisation. Our total severance cost for the year was £8m. This was made up of severance payments of £3.2m, including pay in lieu of notice, and a payment to the Scottish Enterprise Pension and Life Assurance Scheme of £4.8m, based on an independent actuarial calculation in relation to future pension benefits. We expect that the costs of the severance programme will be recouped through savings over a two year period.

Section 3

## Supporting Scotland's Priority Industries

**After extensive consultation and research, Scottish Enterprise identified a number of key industries where Scotland can demonstrate world class technology or natural competitive advantage, or an existing critical mass and for which there are long term sustainable global markets.**

Energy; financial services; food and drink; life sciences; tourism and electronic markets, have been identified as priority industries.

This industry led approach provides the context for the delivery of our plan. In addition, it aims to harness the strengths of the whole of Scotland, in business, academia and the government and all its agencies to deliver effective growth strategies across these industries.

Scotland also has distinctive strengths in the enabling technologies of electronics and advanced engineering where the latest technology can be applied across multiple markets and industries to accelerate productivity and innovation.

Regional priority industries were also identified. These industries have excellent opportunities for growth in specific geographical areas. These are: textiles; aerospace; shipbuilding & marine; chemicals; construction and forest industries. Work undertaken within these sectors is led on behalf of the SE Network by a number of Local Enterprise Companies and is described in the local delivery section of this annual review.

Priority industries highlights during 2006/07 include:

### Case Study Energy



**“We are confident that this project will attract international interest and help ensure that Fife and Scotland are at the front of world developments to provide energy solutions for the future.”**

**Derek Mitchell**, Hydrogen Office  
Demonstration Centre.

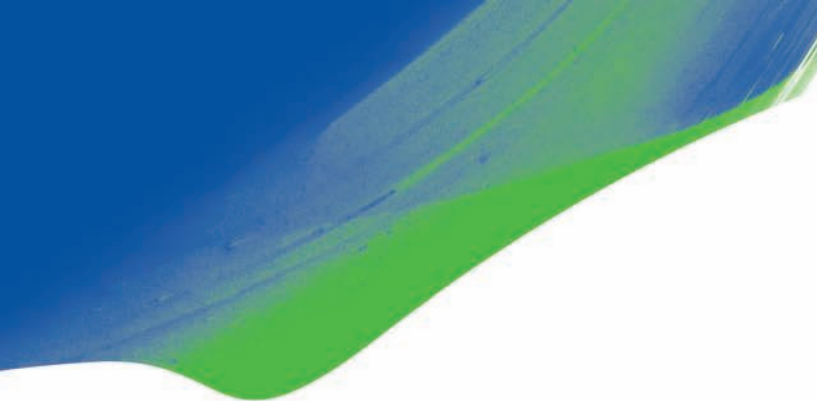
#### Hydrogen Office

Work is underway to develop a world leading, energy efficient Hydrogen office and Demonstration Centre at Fife's flagship Energy Park in Methil.

The £2.8m development will result in a state-of-the-art office unit and demonstration centre powered by an innovative renewable energy and hydrogen fuel cell energy solution.

Jointly funded by Scottish Enterprise Fife, Alsherra Investments and ERDF, the project will work towards increasing electricity generated by renewables in Scotland.

**Delivering:** Potential creation of up to 1,350 new jobs and up to £81million GVA.



## Energy

SE's focus is on assisting companies in the oil and gas sector sell their expertise to other parts of the world and help commercialise opportunities from technology development, especially in renewables.

- Plans were unveiled to create 27 individual, high-quality business units at the Aberdeen Science and Energy Park in response to demand within the energy sector. The £4.7m investment is part of a wider initiative to expand and improve the facilities at the Science and Energy Park and its sister science park at Balgownie, Bridge of Don.
- The Energy Technology Centre, was launched at the Scottish Enterprise Technology Park in East Kilbride to help small companies and individuals working in sustainable energy and transport technologies to showcase new ideas and turn research into marketable products.
- The Hydrogen Office at the Energy Park in Methil, Fife, is being set up as a world leading energy efficient demonstration project.
- The majority of new jobs attracted through inward investment to Scotland in 2006/07 were in the financial services sector with most going to the International Financial Services District. SE helped to provide people with the skills to work in the industry by supporting Modern Apprenticeships and SVQs to more than 250 employees in financial services across Scotland.
- Raising the profile of financial services and the range of career opportunities offered by delivering Financial Services Tours to teachers, careers advisers, Jobcentre Plus staff, career changers and undergraduates in Edinburgh, Glasgow and Fife. Over 500 people and 30 companies participated.

## Financial Services

The financial services sector has its own strategy prepared by the Financial Services Advisory Board, comprising industry representatives and chaired by the First Minister. SE's focus is on addressing the skills needs of the industry and facilitating the physical development of prime business locations.

## Food and Drink

SE's focus has been on assisting the industry to innovate to remain globally competitive and bring food producers closer to food processors to achieve greater efficiency in the supply chain.

- Extensive work has taken place with leaders and major stakeholders within the food and drink sector this year resulting in a new private sector leadership organisation called Scotland Food and Drink, which was launched in June 2007. This aims to harness the collective resources of one of Scotland's most successful sectors in order to create an industry worth £10 billion by 2017.

## Case Study Food and Drink



**“The export guidance and help from SDI and SE has been a great asset to us on seizing business opportunities in new international markets.”**

**Joe Flynn**, Business Development Manager - International.

### A.G. BARR plc

SDI's support to help soft drinks firm A.G BARR plc pursue new international markets continued in 2006 with assistance to help the company exhibit at SIAL (le Salon International de l'Agroalimentaire International) in France - one of the World's largest trade events for the food and drink sector.

A.G. BARR plc used the event to launch its new energy drink IRN-BRU32 which was well received securing orders in Greece, Spain, Cyprus and South Africa. The company also promoted its Strathmore Mineral Water range generating interest and orders from Korea, Holland, Greece, and Spain.

**Delivering:** Improved export opportunities and sales potential.

- The Scottish Food & Drink Conference 2007: Exclusive Opportunities in February, highlighted ways in which Scottish producers can supply their products to the foodservice industry - one of the biggest and fastest growing parts of the food industry with around £1 of every £3 spent on food in the UK on eating out.
- The Premium Market Development Project which helps food and drink companies exploit retail markets in the UK and Europe provided 22 companies with in-depth support to grow their business in retail and foodservice. Award winning haggis maker Macsween won an order to supply haggis for diners on the Orient Express. Another initiative within the project, the Meet the Buyer programme which introduces food and drink businesses to retail and food services customers helped SuperJam, a company set up by an Edinburgh teenager secure an order from Waitrose. Since April 2005 the project has delivered £2.44m in additional sales.
- Profit without Subsidy is a planning toolkit to guide farm and agricultural businesses in the preparation of sustainable business strategies, bringing together farmers, advisors and processors to stimulate new thinking in the search for profitable, long-term sustainable food production, a key aim of the Forward Strategy for Scottish Agriculture. Developed by the Scottish Agricultural Organisation Society Ltd (SAOS) and Scottish Agriculture College SAC in conjunction with Scottish Enterprise, and Highlands and Islands Enterprise, twenty workshops were held in 2006/07 with a total of 397 participants across SE's area.



Edinburgh BioQuarter

## Life Sciences

SE's focus is on growing a larger proportion of profitable, sustainable enterprises that can fund research and be a source of investment for new ventures.

- Major progress was made on the Edinburgh BioQuarter development, leading to the appointment of Alexandria Real Estate Equities, the largest dedicated life science property specialist in North America, as the development partner for the commercial research campus. This is a collaboration between Scottish Enterprise, the University of Edinburgh and NHS Lothian on the outskirts of Edinburgh which is expected to generate £250 million of investment and create 6,500 new jobs.
- The launch of the £60m Scottish Centre for Regenerative Medicine which SE is funding alongside the Scottish Executive and University of Edinburgh, is the culmination of efforts to develop world-class facilities in stem cell science in Scotland.
- The Translational Medicine Research Collaboration (TMRC) – the unique venture bringing together Wyeth, one of the world's biggest pharmaceutical companies, with Scotland's finest medical research centres and NHS trusts announced the first round of research projects to be funded through the new £50 million initiative. Almost £8 million was awarded to 28 new research projects covering a wide range of therapeutic areas including cardiovascular and metabolic disease; the central nervous system and oncology.

## Tourism

SE's focus is on building a culture of innovation in the industry and developing the tourism "product" to improve visitor experiences and ensure that Scotland remains a popular destination by improving the quality and experience on offer.



- Scottish Enterprise's work with the tourism industry to help it create innovative products has seen over 3,800 individuals from around 2,600 companies take part in a range of events and business development programmes. This includes the Tourism Innovation Development Awards (TIDA) which in 2006/07 led to the delivery of 11 new high value tourism products to market such as electronic podcasts to help visitors find out more about exhibitions at art galleries and exclusive short-stay holidays aimed at small groups of whisky enthusiasts in Scandinavia, Germany, France and the low-countries. Ten rounds of TIDAs have been granted since the awards started in 2002 resulting in nearly £500,000 of investment to help bring 38 new tourism products and concepts to market.
- Tourism Intelligence Scotland, a major new joint initiative with VisitScotland and Highlands and Islands Enterprise to promote the effective distribution of tourism market intelligence to industry, was established and has produced its first publication, on the walking market, which has been disseminated to 8,000 businesses.



## Delivering Our Plan

### Growing Businesses: Creating a Culture of Enterprise & Developing more Businesses of Scale

#### What we want to achieve

**The success of businesses in Scotland is critical to the Scottish economy. With just under 95% of businesses in Scotland employing less than 10 employees it is essential that more grow to become substantial operations providing significant employment.**

SE therefore focuses its support on services which can help businesses to grow, by becoming more efficient, innovative and able to compete in international markets.

Creating the new businesses which in time will grow into successful global operations is also important. While there has been a gradual improvement in Scotland's entrepreneurial performance in

recent years, start-up rates in Scotland remain disappointing compared with other economies. Addressing this challenge, by providing effective help and encouragement to those considering starting a business, remains a key challenge for Scottish Enterprise and its partners. This includes additional effort to increase the number of start-ups by specific groups, such as women, disabled people and ethnic minorities.

#### What we delivered

**In 2006/07 SE supported the creation of 9,334 start ups, which represents 44% of all businesses started in Scotland in the year.**

#### Case Study High Growth Business Start Up



**"I believe the advice and support we receive from HGSU have been instrumental in helping us get to where we are today."**

**Dr Graeme Malcolm,**  
CEO M Squared.

#### M Squared

M Squared, a Glasgow-based laser technology company, developed its relationship with Scottish Enterprise's High Growth Start-up Unit in 2004, prior to the company's launch in May 2006. The relationship continues to prove valuable to the company, with the HGSU providing commercial expertise and advice, help in raising investment and an introduction to the former chief engineer of a leading Scottish electronics manufacturer, who has subsequently become a director with M Squared. During the last year, the company has moved to new premises and secured a £700,000 investment package with Scottish Enterprise's help. The company currently employs 10 staff in high value jobs with half of its employees educated to PhD level. The company hopes to increase this to 30 employees, with 80 per cent holding a qualification above a degree, in two to three years' time.

**Delivering:** Business assistance for a high growth start-up.



## Case Study Business Gateway



**“The help and advice from Scottish Enterprise has helped me realise that planning is key to getting things right first time for my business.”**

**Ross McKinnon**, Director of Amazing Days Scotland.

### Amazing Days

Amazing Days Scotland is a one-year-old company which offers excursions such as the Southern Highlands by sea-plane or Argyll by quadbike. The Kilmarnock-based company has enjoyed tremendous success in the corporate entertainment and tourism industry.

Ross McKinnon, director of Amazing Days Scotland, approached Business Gateway for help when he was thinking about starting his business. At 25 years old, Ross realised he didn't have a lot of business experience and needed some free and impartial advice and guidance.

Business Gateway helped Ross develop his ideas into a business plan, which highlighted some areas that needed additional work. With a low cost loan from the Prince's Scottish Youth Business Trust, Ross was soon running his own business and using his initial business plan to influence his plans to expand and grow Amazing Days Scotland in the future.

**Delivering:** Creation of new business in a priority industry.

Positive signs are the increase in the number of starts by women and young people (42% of these starts were by women) and nearly 9 per cent of start-ups in disadvantaged areas.

The **Business Gateway**, which is first point of contact for all services provided to business by Scottish Enterprise and partner organisations, has been remodelled to improve levels of service. New features include the introduction of a call-handling and research function. The new service comes into effect in October 2007.

One way in which SE seeks to support high quality business start-ups is the **High Growth Start-Up Unit**. During 2006/2007 the unit, which provides a national-level approach to the creation of high-value, technology-based business start-ups, supported 14 new businesses.

The unit's significant technical and commercial experience, provides intensive hands-on support to high growth businesses. It can also draw on a range of private sector experts with specific experience. An evaluation of the Unit was carried out in Spring 2007 which concluded that the unit target of 55 new businesses with a combined valuation of £275m by the end of the third year of trading was likely to be met. The report added that the impact on the economy of these businesses is expected to reach as much as £256million by 2010 with potentially up to 840 high value jobs.

The **Equality Matters** in Business project, launched in 2006, aims to highlight the business benefits to

small to medium enterprises of adopting diversity into their workplaces. It addresses all equality strands – Gender, Race, Age, Disability, Religion/Beliefs and Sexual Orientation.

Scottish Enterprise is an active supporter of the **Prince's Scottish Youth Business Trust (PSYBT)**, investing an average of £1.1m over the last 3 years. PSYBT delivers low-cost loans and advisory support to start-ups by people in the 18-25 age group. An evaluation during 2006/07 showed that in the last 3 years, PSYBT made 2,070 awards totalling £6.3m which were worth up to £22.6m to the economy.

A key strength of PSYBT's success is its strong integration with the Business Gateway at the local level.

**Co-operative Development Scotland** was launched in 2006 to grow the co-operative sector across the whole of Scotland. In its first year it has supported 18 business development projects across

Scotland and received 50 start up enquiries, eight of which have subsequently been registered as trading co-operatives. These cover a variety of areas including renewable energy, forestry, agriculture, financial services, health, retail and property.

During 2006/07 SE has adopted sustainable development practices across its business and there are increasing opportunities to support economic and environmental investment which will increase productivity and innovation.

One initiative, the **LEAN Management programme**, which looks at a range of business operations and processes and makes recommendation to increase profit margins in the form of efficiency savings and productivity improvements, helped 23 Glasgow-based businesses across a range of industry sectors, achieve productivity savings of more than £2.5m.

## Case Study Account Managers



**“SE Fife’s support has helped drive forward our expansion programme to expedite strong growth for our world-class design and manufacturing facility.”**

**David Currie**, Managing Director, FMC Technologies.

### FMC Technologies

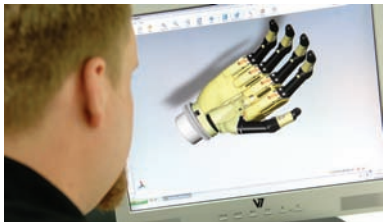
FMC Technologies Ltd, which manufactures some of the world’s most sophisticated subsea oil production equipment, has been supported by Scottish Enterprise Fife to implement a leadership development programme and undertake a significant £14million capital expansion programme at its Dunfermline plant.

The company, which now employs approximately 600 staff in Dunfermline, has achieved considerable growth with a turnover in excess of £100 million and more than doubling its assembly and test capacity while also significantly increasing machining and specialised welding processes.

Through implementing the SE programmes the Dunfermline site is fast earning a reputation as a centre of excellence.

**Delivering:** Growing business safeguarding 600 jobs and achieving a turnover in excess of £100m.

## Case Study Scottish Co-investment Fund



**“We at Touch Bionics have enjoyed tremendous support from SEEL’s Growing Business Team not only financial, but perhaps more importantly in terms of advice and networking within the Scottish Community.”**

**Stuart Mead, Chief Executive.**

### Touch Bionics

Spun out of the NHS in 2003, Touch Bionics has developed the i-LIMB Hand which is at the forefront of prosthetic technology and is the first component of the i-LIMB System to be launched as a commercial product.

The i-LIMB Hand looks and acts like a real hand with five individually powered digits providing unsurpassed grip and dexterity to patients who have suffered the loss of a hand.

SCF initially invested alongside Archangel in 2004 and has continued to provide financial support to the company as it has grown, with the most recent investment in February 2007 as part of the £780k round led again by Archangel. These funds were used to raise the profile of the company and its leading edge technology, whilst also enabling the development of the cosmetic glove to more accurately replicate the appearance of skin.

Additional support has been provided from the Scottish Executive through SMART, SPUR and RSA in previous years.

**Delivering:** Access to finance for growing companies.

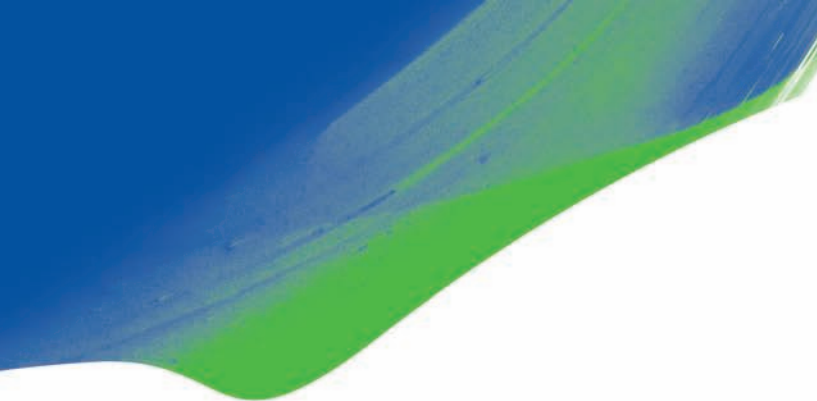
SE also has dedicated **account managers** who work closely with businesses to make the improvements needed to deliver growth. The aim is to raise the sales of each growing business we work with by at least £800,000 after 3 years.

SE’s account and client managers worked closely with 1,684 companies during 06/07.

Ensuring that SE’s advisors are properly equipped to provide advice to businesses remains a priority for SE, and during 06/07 a number of professional development programmes run to support account & client managers across the Network. One of these, Premier Adviser, won a UK National Training Award and, as a result, Scottish Enterprise was nominated as an Employer of the Year by the Institute of Leadership and Management.

A constraint to growth among high-potential businesses is access to finance. SE works with private sector partners to support investment through a variety of initiatives.

For early stage businesses, the **Scottish Seed Fund** provides investments from £20,000 to £100,000. During 2006/07 the Scottish Seed Fund invested £1.6m in 22 deals. For small and ambitious companies, the **Scottish Co-investment Fund** provides funding of between £50,000 and £500,000 to finance deals up to £2m, in partnership with the private sector on a matched funding basis.



Last year the Scottish Co-investment Fund made 49 investments worth £6.7m, which attracted an additional £18m from the private sector.

During 2006/07 for every £1 that the Scottish Co-investment Fund invested it attracted up to £2.70 from other funding sources. This demonstrates the effectiveness of the Co-investment approach in sharing risk with commercial investors and encouraging the development of the venture funding market infrastructure in Scotland.

The **Scottish Venture Fund** is an equity investment initiative which seeks to co-invest between £500,000 and £2 million in risk capital deals in Scotland that are normally between £2 to £5 million (but up to £10 million if required).

The first company to receive funding through the Scottish Venture Fund (SVF), which began operating in October 2006, was Intense Ltd, the developer of next generation laser

products for print, imaging and other applications.

Evidence of Scottish Enterprise's efforts to stimulate investment in new businesses is highlighted in a report by research organisation Library House which stated that Scottish Enterprise was the top investor in European venture capital backed companies in the first part of 2007 with 17 investments.

**The Scottish Manufacturing Advisory Service (SMAS)** was established with the Scottish Executive and Highlands & Islands Enterprise to develop and improve Scottish manufacturing competitiveness by providing support through a team of dedicated manufacturing specialists.

The manufacturing sector remains important to the economy, accounting for 16 per cent of Scotland's output, 70 per cent of the country's exports and 11 per cent of employment. There are

### Case Study Scottish Venture Fund



Alex Ballantyne, Chartered Engineer

**"Thanks to the Scottish Venture Fund, we have been able to move into our next phase of growth to take advantage of significant global opportunities."**

**Scott Christie,**  
CEO, Intense Ltd.

#### Intense Ltd

Scottish Enterprise Lanarkshire worked with Intense Ltd to support its acquisition of a US-based optoelectronics company to enable it to access the lucrative US defence market.

The Scottish-grown technology company was the first to receive funding through the Scottish Venture Fund, securing £2 million which helped them to attract a further equity investment deal of £7 million.

The funding package and acquisition ensures that Intense Ltd remains at the forefront of its industry sector, developing next generation laser products.

The company has also benefited from funding for a research and development project, business growth support and investment from the Scottish Co-investment Fund.

**Delivering:** Providing Scotland's growing technology companies with access to significant investment.



## Case Study SMAS



**“SMAS service so far has been excellent, bringing expertise and specialism to areas outwith our normal areas of comfort. SMAS has given some very real and tangible benefits to this organisation.”**

**Fred Bowden, MD,**  
Woollard and Henry.

### Woollard and Henry

Woollard and Henry, a traditional Aberdeen-based engineering company which has been providing highly crafted engineered products to the paper industry for over 135 years, has diversified and developed a new personnel capsule for the offshore oil and gas industry following support from Scottish Manufacturing Advisory Service (SMAS).

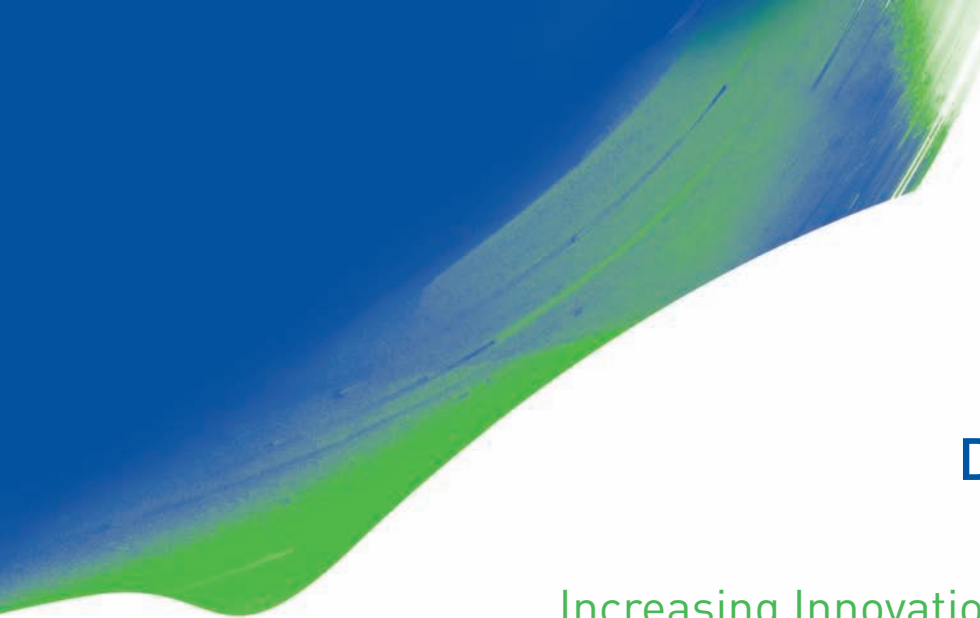
In addition to helping the company identify its key strengths and core abilities with a view to pursuing new markets, SMAS support was given to assist the company to gain the minimum requirements for working in the oil and gas industry, including accreditation in ISO (International Standards Organisation) and FPAL (First Point Assessment).

SMAS then introduced Woollard and Henry to a major international supplier of personnel carriers Reflex marine, which led to them joining forces to produce 'The Frog'<sup>TM</sup>, a capsule used to safely transfer up to three personnel at a time to offshore sites. The new business is projected to increase Woollard and Henry's turnover by more than 20 per cent.

**Delivering:** Improved competitiveness in manufacturing companies.

currently 9,175 registered manufacturing companies in Scotland employing 255,000 people.

In 2006/07 SMAS dealt with 506 company enquiries for manufacturing advice and carried out 198 diagnostic reviews which, if all recommendations are implemented, represent a Gross Value added for Scottish manufacturers of £23.4m.



# Delivering Our Plan

## Growing Businesses: Increasing Innovation & Commercialisation

### What we want to achieve

**Productivity, an important determinant of economic growth and an indication of business competitiveness, is below both the UK average and that of a number of competitor nations. Scottish output per hour worked is 98.6% of that of the UK as a whole, and is 92% of the top quartile of OECD countries.**

Businesses need to innovate and improve their productivity to stay ahead of their competition. This can be in products, services and production processes. To many businesses, even relatively simple innovations such as the adoption of new waste management techniques or a fresh approach to management can yield productivity gains which support their competitiveness and help them grow.

Improving levels of business research and development is recognised as a key driver of economic growth. Despite a long tradition of innovation, and some signs of improvement, Scotland lags behind the rest of the UK and well behind the top performing countries such as Sweden and Finland.

Evidence also shows Scottish small and medium sized enterprises (SMEs) are less likely to introduce new products and processes than those in other countries. The challenge we face is to encourage more businesses to recognise the importance of innovation and helping them, where appropriate, to do so.

Scottish Enterprise offers a range of incentives and advice to encourage investment in innovation and research and development by businesses in Scotland. It does this by supporting innovation both in the uptake of R&D by business and the creation of businesses from the ideas in our academic establishments.

### What we delivered

**The R&D Plus scheme supports large companies engaged in research and development activities in Scotland. It is the first scheme of its kind in the UK, and focuses on companies engaged in new and innovative research into products and processes which demonstrate real potential for global commercial success.**

To date it has led to around £163m of new research and development that would not otherwise happen in Scotland. In the last year, £13.7m was awarded to 21 companies under **R&D Plus**. This generated additional business research and development in Scotland of £80.7m. These include projects with life sciences company Vascutek and aviation engine manufacturers Rolls Royce.

Innovation is not limited to hi-tech or manufacturing industries. The need to innovate crosses all aspects of the Scottish economy with SME's being a key focus for Scottish Enterprise. A particularly good example of how innovation can help

## Case Study R&D Plus



“This is a major investment in new capabilities and one that will enable the Dumfries site to take a leadership position in exploring emerging markets with speciality new products. SE’s contribution to the overall costs has been critical in our decision to focus these R&D programmes at Dumfries.”

**Dr Moray Mackenzie,**  
DuPont Teijin Films.

### DuPont Teijin Films

DuPont Teijin Films, the world’s leading producer of polyester films, is expanding its research and development activities at Dumfries, helping safeguard 300 existing positions at the company’s plant.

The company is developing leading edge technologies in speciality polymers and films for use in a wide range of health, security, electronics, displays and packaging applications.

The new investment is being supported by Scottish Enterprise with an R&D Plus grant of £1.175m towards a total project cost of approximately £20m invested by DuPont Teijin Films.

**Delivering:** Safeguarding 300 jobs.

in the service sector is the work with the tourism industry to generate new ideas to help Scotland compete in the global market.

The net impacts delivered by tourism innovation initiatives so far are considerable – nearly £15m in turnover for the industry, generating over 190 new jobs in the sector with additional Gross Value Added (GVA) estimated to be £6.1m – ten times the actual cost of the programme to the public purse.

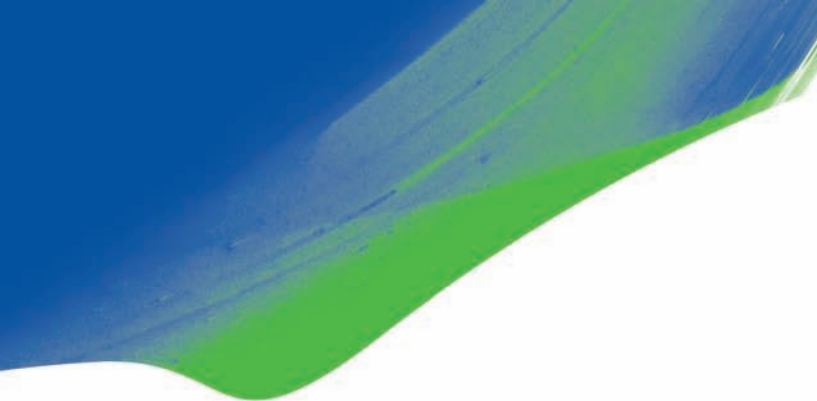
Encouraging business innovation in rural areas, where diversification is key to the future of farming and related businesses, is also important. The **Planning to Succeed** programme launched at the end of 2006 is designed to improve the growth potential of agricultural businesses by enhancing the level of business

management expertise within the future generation of farm business owners. Ten groups of around 15 businesses took part across the SE network during 2007.

In addition to innovation within businesses, an important source of new ideas and technologies is Scotland’s world class universities and other specialist technology bodies.

The **Proof of Concept Programme** helps turn Scotland’s technological breakthroughs and innovations within Scotland’s universities, research institutes and NHS Boards into business opportunities including licence agreements.





The programme provides funding to developers of innovative products and processes in cutting edge technologies, to take their ideas from the drawing board and advance them to the stage at which they can attract the necessary private sector investment to go to the next stage of development.

In the last year, 12 new projects representing an investment of £2.14 million were supported by Proof of Concept Programme bringing the total since its inception to 184 with over 500 new jobs created by the projects. Of these, 35 spinout/start-up companies and 32 licences have been created in Scotland.

Awards of £22.1m to completed projects were matched with £44.7m of public/private investment (£18.3m private & £26.4m public). Recent independent evaluation has estimated that these projects are creating £125 million additional value for the Scottish economy.

Six **Enterprise Fellows** were supported under the Enterprise Fellowship programme during 2006/07, bringing the total supported to date to 76. Funded by Scottish Enterprise and delivered by the Royal Society of Edinburgh as another means of translating the excellence in Scottish research into new businesses and products, the programme provides academics with funding to develop an idea, business training to help prepare a business plan and take the idea forward, and provides access to networks of mentors, business experts and professional advisors.

An independent review of the programme showed that a total of £70million was invested in 44 new companies with a programme cost of £4m.

SE also has a role in supporting the infrastructure which is required to

### Case Study Proof of Concept Programme



**“The Proof of Concept programme allows us to take our technological breakthroughs and innovations out of the lab and transform them into real businesses that can grow and expand in Scotland.”**

**Dr David McBeth,**  
Director, Research and Innovation.

### University of Strathclyde

The enormous growth in mobile communications and consumer entertainment markets has led to increasingly complex “microchips”. Billions of these chips are now produced annually; and the expense of testing correctly is a large part of their overall cost.

With support from the Proof of Concept Programme, researchers at the University of Strathclyde developed a breakthrough automatic test procedure which drastically reduce the costs of testing. The successful project was commercialised in January 2007 with the launch of ATeeda limited and trials are currently taking place with major chip manufacturers.

**Delivering:** Economic advantage from new technology.

create the environment in which innovation can flourish. Examples of our initiatives include:

- The **Roslin Cells Centre** is a major collaborative initiative by SE Edinburgh and Lothian, University of Edinburgh and Roslin Institute to create the first useable stem cell line in Europe, and to support the proposed Scottish Centre for Regenerative Medicine. It will build on the expertise and resources which the Roslin Institute has developed in recent years for the derivation of new human embryonic stem cell (hESC) lines.
- The **Institute of Medical Science and Technology (IMSaT)**, a collaboration between the Universities of Dundee and St Andrews, received funding to support the commercialisation of its research. The Institute has been able to identify a pipeline of 25 commercialisation projects. Of these, 5 projects are now actively seeking industrial partners.
- Aberdeen's first **business incubator units** specifically targeting the life sciences sector, are being created by the University of Aberdeen with support from Scottish Enterprise Grampian. The £2.25 million venture will support growth and attract foreign investment to the region, as well as encouraging the commercialisation of research by homegrown talent. Based at the heart of Aberdeen's professional and academic medical science community at Foresterhill - one of Europe's largest healthcare campuses - the purpose-built one-storey complex will house

start-up companies, as well as more established businesses which need to be on the Foresterhill campus.

The **Intermediary Technology Institutes** in energy, life sciences and tech-media aim to substantially increase the number of high-growth technology companies in Scotland by pursuing new technologies in new markets at a very early stage of their development.

Four years since its inception, **ITI Scotland** has 20 programmes underway with £117 million in funding committed, some 90 patents filed, seven IP licensing deals already achieved, with more deals in negotiation. Each of these has the potential to propel companies based in Scotland and the UK to the forefront of new global markets.

#### **ITI Energy**

ITI Energy has eight active R&D programmes underway with a commitment of £28m. The current portfolio is targeting opportunities in renewable power, oil and gas applications, power management and energy storage. Projects include the development of a battery management system for electric vehicles, a new abrasion-resistant plasma coating for industrial pipes, a revolutionary composite pipeline structure and a large scale battery system. In early 2007, ITI Energy commenced its latest R&D programme to develop the Orangutan wind turbine lifting device, which is set to dramatically improve the efficiency of maintenance operations on wind turbines.

### ITI Life Sciences

ITI Life Sciences has invested £52 million in five active R&D programmes and has five commercial licence agreements to date. The latest commercialisation licence has been signed with Cognia EU Ltd and will enable Cognia to develop a new database product that will streamline researchers' access to essential scientific information to enhance drug discovery and development. In January 2007 ITI Life Sciences commenced its most recent programme, investing £9.5m to develop human stem cells for pharmaceutical research with the University of Glasgow and Swedish biotech company Cellartis AB.

### ITI Techmedia

ITI Techmedia has currently initiated seven R&D programmes with an investment of £37m. It recently announced a commercial licence agreement for its games-based learning R&D programme, which allows Dundee-based TPLD (Team Play Learning Dynamics) to use the resulting new technology that will greatly simplify the process of developing content for training and educational purposes. It has recently completed a second programme concerning anti-counterfeiting systems and is currently investigating a start-up vehicle to commercialise the research. ITI Techmedia's latest programme is investing £3.5m to develop a new backlight technology platform using polymer optics which is set to improve quality, power efficiency and price point for flat panel televisions and screens.

## Case Study Marine Energy Collaboration



**“The Scottish Enterprise funding has not only enabled the project to go ahead but has opened doors for us and generated great interest in what we do.”**

**Gavin Catto,**  
Director, Green Cat Renewables.

### Green Cat Renewables

Lanarkshire-based Green Cat Renewables Ltd is one of three businesses to be awarded support from the new Marine Energy Collaboration Fund which aims to help marine renewable device developers reduce costs and improve the performance of their devices by accessing relevant advice from others.

The company is developing a novel wave energy device which uses the minimum number of stages of energy conversion from sea wave to electricity. The new turbine could offer advantages over competing products through its simple design and relatively low capital cost.

**Delivering:** New opportunities for renewable technologies.

## Delivering Our Plan

### Global Connections: Ensuring Scotland is a Globally Attractive Location

#### What we want to achieve

**Establishing Scotland within the global economy as a place with which, and in which, to do business is key to economic growth.**

In order to do this, Scotland must play to its strengths, particularly around priority industries where it already is, or has the potential to be, a global player.

However there are several challenges we must tackle to achieve this. We must also keep up with continually evolving technologies and ways of doing business to improve competitiveness.

Tied to this is the possession of knowledge – whether skills within the workforce, innovation in technology, science in universities or business models – which is emerging as a critical asset in economic growth.

While many forms of knowledge can be found and fostered in Scotland, attracting inward investment is an important way of bringing additional commercially valuable knowledge to Scotland.

SE's network of overseas offices plays a vital role in this by promoting Scotland as an excellent place to live, work, study and do business. Increased investment in overseas staff in recent years has paid off as Scotland continues to prove a popular choice for businesses seeking to establish operations in Europe.

Scotland must also ensure that it has the right business infrastructure such as land, property, utilities, transport and telecommunications.

Much of the work of SE, in partnership with others such as local authorities, is therefore geared to providing the physical environment which allows businesses to thrive. This includes providing business and industrial property, improving transport links, bringing derelict land back into productive use and creating high quality public areas in town and city centres.

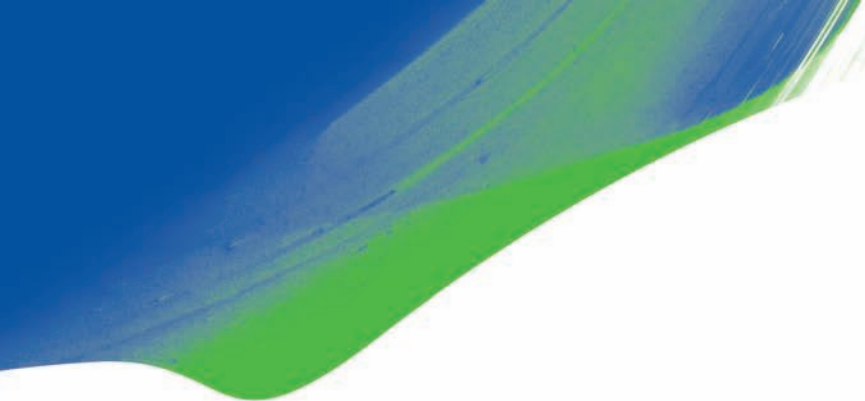
#### What we delivered

**In 2006/07 SE attracted over £3 in investment for every pound it invested itself.**

Examples of these kinds of partnership projects are included throughout our annual review. Others include:

- In 2006/07, work began on the first phase of the £200 million redevelopment of the 1,125 acre former **Ravenscraig steelworks** site. The redevelopment, due to be completed by the end of June 2009, will include a multi-million pound regional sports facility and the relocation of Motherwell College to a new, state-of-the-art campus. Regeneration and Renewal Magazine has recently confirmed that Ravenscraig is





Clyde Arc, opened September 2006

the largest physical regeneration project in the UK in terms of size, and sixth in terms of investment value.

- Developments along the River Clyde from the outskirts Glasgow in the east to the Firth of Clyde in the West are being co-ordinated through landmark regeneration projects. Local Enterprise Companies in Glasgow, Dunbartonshire and Renfrewshire are working together to deliver a package of Scottish Enterprise investment in excess of £120 million over seven years to help transform the **Clyde Waterfront**. The initiative should generate over £440m in added value per annum for Scotland's economy by 2027/28. In addition to Scottish Enterprise Glasgow, the other members of the Strategic Partnership Board for the Clyde Waterfront are the Scottish Executive, Glasgow City Council, Renfrewshire Council, West Dunbartonshire Council and Inverclyde Council. By March 2010, public investment of £39m will have levered private investment of £227m.
- The new BBC Scotland and SMG HQs on **Pacific Quay** mark a major milestone for this huge

partnership project and further development is planned to meet demand from companies in the electronic markets sector. £1.8 million of infrastructure works to deliver the next phase of development began in 2006, including four new buildings on the site and ground works for 10,000 sq metres of commercial space with scope to accommodate 270 new jobs. The initial investment should attract more than £16 million of private sector money. Total investment on the site is £48 million so far, including the construction of the Clyde's first new surface-level road bridge since 1928, the Clyde Arc, which opened in September 2006. Work has also begun on regenerating the Tradeston area on the south side of the Clyde between the Kingston Bridge and George V Bridge.

- SE is also working with Glasgow City Council and South Lanarkshire Council to tap into the potential along an extended M74 corridor to create the **Clyde Gateway** which will open up access to new development sites to the east of the city. Up to 21,000 jobs and 10,000 new homes are expected to be created as a result. During 2006 a partnership

## Case Study Linking Opportunity and Need



“The programme gave me the opportunity to prove that I could work in construction. I was offered a position at Gilmartin's after two weeks of proving myself. I got a job out of it and that was the biggest thing for me.”

Andy Beveridge, LOAN trainee.

### Linking Opportunity and Need (LOAN)

Twenty job seekers from Fife took part in an innovative training programme to equip them with valuable qualifications and experience of the construction sector.

Scottish Enterprise Fife's Linking Opportunity and Need (LOAN) Construction pilot programme was geared to link employment opportunities created by major regeneration projects with local unemployed people.

One trainee, 27-year-old Andy Beveridge from Anstruther had been out of work for a couple of years before starting on Scottish Enterprise Fife's LOAN programme.

Andy was one of twenty trainees to participate in the programme.

Two construction contractors delivering Energy Park Fife and St Andrews World Class improvements for Scottish Enterprise Fife signed up to provide places for job seekers interested in pursuing a career in the construction sector.

Within a short time of working with construction firm Gilmartin's, Andy was offered a position with the company.

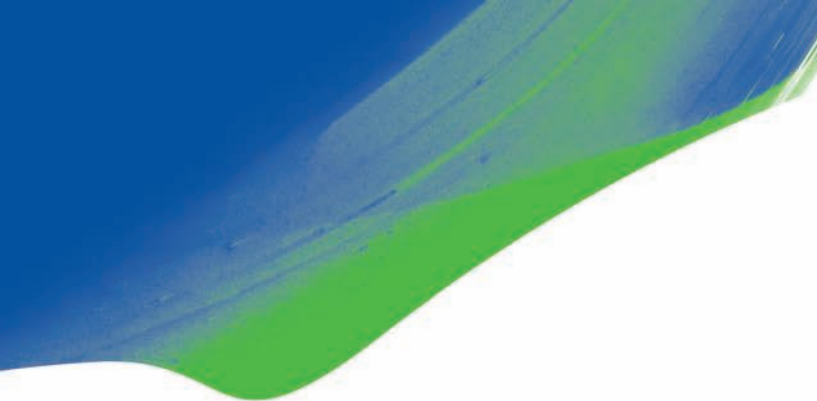
**Delivering:** Upskilling the labour supply to meet the demand in priority industries.

agreement was signed and plans announced to form an Urban Regeneration Company (URC) to coordinate regeneration activities in the area and deliver key regeneration projects. A business plan for the Clyde Gateway URC was submitted to the Scottish Executive early in 2007 and the first stage of redevelopment is underway.

- The **Waterfront Edinburgh** project is one of Britain's largest urban regeneration schemes and is led by SE Edinburgh and Lothian and City of Edinburgh Council. The project is transforming derelict, contaminated land around Granton into a world-class living and working environment. Over the next 10-15 years the project will create 9,400 new jobs; build 5,300 new homes; create over 1 million sq. ft. of commercial

space and 260,000 sq. ft. of retail space; create quality public open space and urban design throughout; establish a new home for Edinburgh's Telford College; and provide a new marina that will reinforce Edinburgh's position as one of the world's leading visitor destination.

- Over the past year, a **Borders Adventure Sports Strategy** has been developed to promote the Borders as one of Europe's leading destinations for activities such as mountain biking, diving, cycling and equestrianism. A key priority is developing the right infrastructure required to increase the number of people using the mountain bike tracks



at Glentress and Traquair Forests. SE Borders has been working with partners and businesses already operating in the area to identify the potential of a permanent uplift facility, which would enable the Borders to compete with locations such as Les Gets in France and Whistler in Canada.

A major challenge faced by SE and all its partners in the area of regeneration is ensuring disadvantaged areas and groups benefit from this investment. This is achieved through a consistent application of the **Linking Opportunity and Need (LOAN)** approach for our Strategic Investment Plan and of other regeneration projects with employment creation and economic development potential.

Business infrastructure is of course not confined to “bricks and mortar.”

Scotland’s transport infrastructure is frequently cited by businesses as critical to their success, and while SE has no direct responsibility for transport projects, we are involved in a number of ways.

One example of this is support for new direct air routes for Scotland through the **Route Development Fund (RDF)** which was managed by Scottish Enterprise on behalf of the Scottish Executive. Six new routes have started during 2006/07 with announcements of a further three to North America and five to Europe. These provide underpinning support to industry growth in Scotland, in particular to financial services, energy and tourism. Since its inception in 2004, around 40 new routes have been created with support from the fund. Due to changes in EU legislation, the fund can no longer operate in its present

form and the Scottish Executive is considering what support can be given to encourage new international links in the future.

In addition to creating the conditions which allow businesses in Scotland to grow, Scottish Enterprise also seeks to attract new investment to Scotland.

Business support in the international arena is largely led by **Scottish Development International (SDI)** which is jointly operated by the Scottish Executive and Scottish Enterprise. SE’s network of overseas offices plays a vital role in this work through focused targeting and the development of strong relationships. SDI attracts inward investment to Scotland and also promotes Scotland as an excellent place to live, work, study and do business.

Increased investment in overseas staff in recent years is demonstrating its value as Scotland continues to prove a popular choice for businesses seeking to establish operations in Europe with over a third more R&D investments than the UK and European averages coming to Scotland. Around one in every seven inward investment projects coming to Scotland involves R&D functions. In Scotland the average project size is 30% above the UK average.

This trend continued in 2006/07 with SDI securing 1,775 planned high value jobs - defined as jobs in research, design or development or with a salary of 20% or more above the Scottish average (which equated to £29,159 in 2006/07). While SE’s main focus is on high value jobs, this only tells part of the story. Inward investment into Scotland was excellent last year with a total of 59 inward investment



## Case Study Inward Investment



**“The team at Scottish Enterprise Tayside presented a compelling case for locating our company in the city and continues to provide tremendous support as our project develops.”**

**Mats Lundwall,**  
Chief Executive Officer.

### Cellartis

Scottish Enterprise Tayside’s business growth and competitive place teams worked closely with Scottish Development International and ITI Life Sciences to attract Swedish stem cell company Cellartis to open a new R&D and manufacturing facility in Dundee creating highly-skilled jobs and enhancing Scotland’s reputation in the life sciences sector.

The teams from Scottish Enterprise Tayside gave wide-ranging help and support to the company – which secured Regional Selective Assistance - including securing the design and procurement of appropriate laboratory space at McLaggan House at Dundee Medipark and interim accommodation at Dundee Technology Park. They also gave practical help to Cellartis staff making the move from Sweden to Scotland in terms of advice on a number of issues.

**Delivering: Creation of high-value jobs by inward investor.**

projects in 2006-07 assisted by SDI, with planned total investment of more than £313 million creating or safeguarding up to 7,500 jobs.

Among the new companies to choose Scotland in the last year are:

- **Cellartis** (Sweden) announced a new investment to establish an R&D and manufacturing facility for human embryonic stem cell products and services. (Total jobs were 75 of which 65 were high value).
- **Ace INA Services UK Ltd** (Americas) created a new centralised facility to handle its insurance operations for Europe. (Total jobs were 420 of which 41 were high value).
- **First Data** (Americas), a major provider of electronic commerce, established a card management facility. (Total jobs were 433 of which 15 were high value).
- **JP Morgan** (Americas) expanded its existing facility which is a dedicated software provider for JPM Chase globally. (200 new jobs all were high value).
- **Barclays** (UK) established a Global hub location for its Wealth Management Division (Total jobs were 500 new (35 high value) and 800 safeguarded (48 as high value)).
- **UPM Kymmene** (Finland) is to invest £59 million in a new biomass combined heat and power plant (CHP) at its Caledonian paper mill in Irvine,

It is particularly rewarding to see existing investors expand their operations, as this is a strong endorsement of their original decision to choose Scotland.

Examples of this in 2006/07 include:

Ayrshire. (10 new high value jobs and 360 jobs safeguarded (159 high value)). This project is of major importance to the Ayrshire economy. It will also make a significant contribution towards targets for generating Scotland's energy requirements from renewable sources by 2010.

Attracting individuals from overseas, including Scots who have succeeded abroad, is a highly effective way of boosting Scotland's talent pool. The **Talentscotland** initiative was set up to capitalise on this by promoting Scotland as a desirable location in which to live and work. Originally supporting high tech industries such as life sciences and microelectronics, it has added financial services during 2006/07. 2007/08 will see further diversification into the energy sector.

There were over 8,000 new registrations by individuals with key skills interested in working in Scotland in 2006/07.

A survey of Talentscotland in 2006/07 highlighted the value placed on the service by users with 80% saying that the information provided by Talentscotland improved their views of Scotland and 73% report an improved perception of Scotland as a career choice. Two thirds have already applied for a job and more than one in three say that they would not have learned of the job opportunity without the help of Talentscotland.

### Case Study Inward Investment



Frank McGraham, Chief Operating Officer, Barclays Wealth with Jack Perry, CEO, SE

**“The unstinting support we have had clearly shows a lot of work has gone in from agencies like SE Glasgow to make this one of the UK top locations in this sector.”**

**Ramsay Urquhart,**  
Barclays Wealth.

### IFSD/Barclays

Latest independent economic data reveals that Glasgow's International Financial Services District (IFSD) is well on track to reach its target of attracting 20,000 jobs to the city.

The research, carried out by EKOS for the economic development agency revealed that, halfway through its ten-year life, the project is on course to deliver promised jobs outputs and new accommodation comprising two million square feet of grade A office accommodation by 2011.

As it celebrates its fifth anniversary, the IFSD has been held up as a success story for public and private sector partnership working and has firmly put Glasgow on the map as a centre for financial services expertise across the globe.

**Delivering:** Building Glasgow as UK leader in financial services.

## Delivering Our Plan

### Global Connections: Increasing Involvement in Global Markets

#### What we want to achieve

According to the Scottish Executive's annual Global Connections Survey, Scottish exports in 2005 were estimated to be worth £18.6 billion - up £0.9 billion on 2004 - with the US continuing to be the top destination for exports. China was in the top 20 destinations for the first time at number 13.

Pursuing new international markets can be a daunting task for Scottish companies so help is provided to supply additional resources and new skills, lessen risk and encourage them to take that step. Support is tailored to individual companies and focused on priority industries.

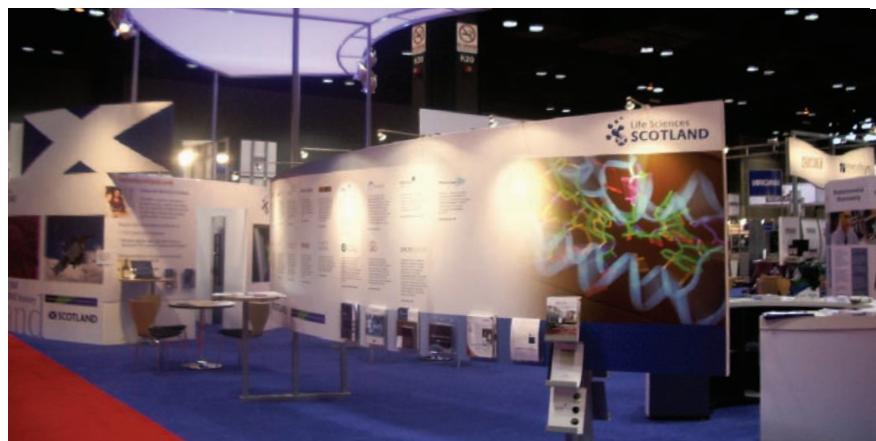
#### What we delivered

In 2006/07 625 organisations were helped to internationalise, including 87 from Highlands and

Islands Enterprise's area as SDI provides services for businesses across the whole of Scotland.

Nearly 260 companies attended 36 exhibitions, missions and fact-finding trips around the world. In order to ensure companies get the most from this support, all events and missions are carefully selected to match the specific needs of the participants. Examples include:

- **Bio 2006** – 20 Scottish organisations attended the world's biggest life sciences show in Chicago at which a new Life Sciences Scotland brand was unveiled. This demonstrated Scotland's joined up approach to developing the sector and for marketing to global investors and potential overseas partners.
- **The Great Wall World Renewable Energy Forum** - six Scottish renewable energy companies exhibited at a major international conference in Beijing for the first



Bio 2006

time ever as part of a renewable energy trade mission to China led by SDI.

- **3GSM** – SDI helped 40 organisations attend the world's largest communications event with 1,300 exhibitors in Barcelona.
- **ESE** - More than 100 companies and organisations from across Europe, including 13 from Scotland, took part in an international business event hosted on the Scottish stand at European Seafood Exposition 2006 - the biggest seafood industry event anywhere in the world. The event, organised by SDI in collaboration with IRC Scotland, allowed companies operating within the seafood industries to identify potential customers for their own innovative products or identify new products or processes which can help their own productivity and competitiveness.
- During 2006/07 12 companies were selected for the **Global Companies Development Programme** which accelerates the international growth of emerging global companies across a wide range of industries. A further 10 companies completed the programme during the year. The main focus is to build management team capability, focusing on international vision and strategy. Organisations emerge with a business plan to becoming fully globalised businesses.

### Case Study Global Companies Development Programme



Dr Jim McGeorge, Director, Strategic Planning and Governance, and Mari Thornton, Director, Communication and Development

**“In today's global marketplace, leading universities need to become increasingly outward looking. The Global Companies Development Programme helped refocus our international efforts, identify where future opportunities lay and how best to capitalise on them.”**

**Professor Christine Hallett,**  
Stirling University Principal &  
Vice Chancellor.

#### Stirling University

The University of Stirling recently graduated from the Global Companies Development Programme which it used to develop its Internationalisation Strategy to enhance its recruitment of overseas students and to broaden both the number of countries from which they are drawn and the range of subject areas into which they are recruited.

As a result it produced an extensive action plan which identified where significant opportunities lay and set challenging objectives for future activities. This had an immediate positive impact, with the University achieving a 40% growth in overseas student numbers in 2007/2008, bucking the UK trend.

**Delivering:** International business opportunities.



## Case Study Globalscot



Steve and Anne Brannagan

**“Our experience has been very good. I think that the network offers a fantastic opportunity for Scotland. Ian’s support was invaluable to us when we needed it most. He gave us some very good advice and made the necessary introductions, and the rest was up to us.”**

**Steve Brannagan,**  
Managing Director, 10BaseCom.

### 10BaseCom

Attempts by Irvine-based 10BaseCom, which provides support services to several large electronics manufacturers, to meet world giant IBM had frequently failed until introduced to Globalscot Ian Crawford.

Ian Crawford met 10BaseCom when he was on a visit to Scotland and that meeting saved the company months of work. He was able to confirm that IBM would be interested in the services they had to offer, and gave them the names and contact numbers of the people they needed to speak to. As a result, 10BaseCom have developed a considerable amount of business with IBM.

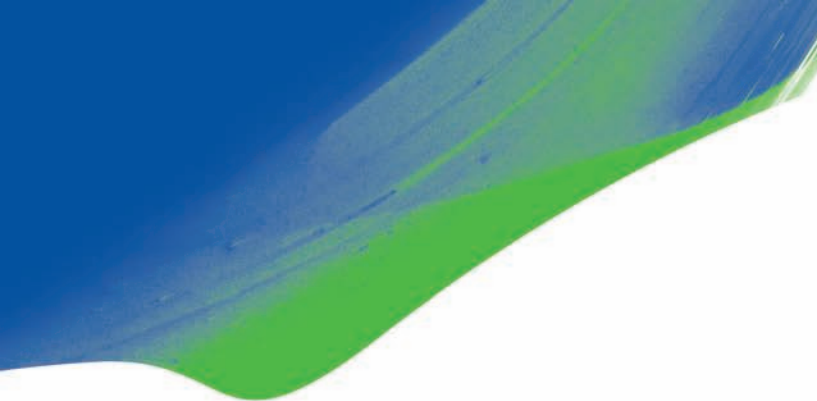
**Delivering:** Access to influential international business people to realise growth ambitions.

■ **SE’s energy team** is supporting the development of Subsea UK, the trade body for this key sub-sector in which Scotland has a market lead. There are now almost 200 members with target markets including West Africa, Brazil and the Gulf of Mexico.

The need to highlight the opportunities available to Scottish businesses in specific overseas markets, as well as the services available from SDI and its partners such as SCDI and Business Gateway International, led to the roll out during 2006/07 of the **Geographic Market Awareness Programme**. More than 500 businesses attended events across Scotland from the Borders to the Highlands and Islands, and countries covered included the USA and Canada,

China, India and the Baltic states of Latvia, Lithuania and Estonia. As a result a number of companies who had not previously used the services of SDI and the enterprise networks, attended trade missions to the Baltic and took advantage of the knowledge of SDI staff based overseas. Four companies which attended an event in Aberdeen on opportunities in Canada have now conducted business there.

The innovative **Globalscot network**, which connects ambitious Scottish companies with influential business leaders around the world who can provide advice, access and encouragement, now has over



900 members across all of Scotland's priority industries and target markets.

To date Globalscot members have helped thousands of Scottish organisations in areas such as the development of business plans, access to new markets, strategic intelligence and a global perspective. A recent evaluation of the programme identified over £28m of benefits to the companies taking part.

A highlight of 2006/07 was the inaugural **Globalscot Conference** in Edinburgh in September, which resulted in around 1,700 business connections made between Scottish companies and Globalscots and between Globalscots themselves. Ninety-five per cent of Scottish companies taking part made new and important connections with Globalscots at the conference and of these 60% expect it to result in new business with at least one Globalscot. Estimates of the potential new business the conference is likely to generate go as far as £8m.

In addition to the conference, SE ran a series of local events at which Globalscots from Scotland and overseas shared their expertise and contacts with Scottish companies. Globalscot membership will continue to increase, where possible in those priority industries and key markets which are currently under-represented.

Scottish Enterprise also has an **International Advisory Board** made up of senior international business figures from a variety of sectors who provide guidance and advice on international markets.



## Delivering Our Plan

### Skills and Learning: Improving the Operation of the Labour Market and Developing People in Work

#### What we want to achieve

**Although more Scots are in work and are often working longer hours, our economy is not growing at the rate we would anticipate. Developing the skills of the workforce and enabling business to use those skills more effectively to become more productive depends not only on increasing the skills of young people entering the labour market but also on improving the skills of those already working.**

In order to ensure SE was making a difference where it mattered a new **Skills strategy** was developed in 2006/07. This followed a review of our work in the skills arena and consultation with other bodies as well as industry and business representative groups.

The strategy recognises that improving the skills of the workforce increases prosperity and productivity. Research shows that skills underpin innovation, drive enterprise, unlock investment and allow businesses to adapt to competition.

The strategy identified three priority areas that need to be addressed to grow the Scottish economy:

**Growth** - skills interventions will support the issues of competence, culture, capability and capacity within businesses and industries,

**Groups** - training for the economically inactive, young people and the existing workforce, and

**Geography** - addressing the local and regional variations in the Scottish labour market.

#### What we delivered

**In 2006/07, SE supported 726 companies to develop their workforce and to support growth.**

This included supporting the training of 4,500 adults through **Modern Apprenticeship**, the delivery of 170 programmes to support leadership development, 161 companies to achieve **Investors in People** recognition and support to 30 companies across a range of priority industries to attract and retain jobs in Scotland. This individually tailored support ranges from training to boost technical and craft skills through modern apprenticeships to leadership and ICT development.

Aligning skills programmes with the wider business and investment plans of growing Scottish companies has also been a priority for 2006/07.

Thirty companies, across a range of priority sectors, have been supported with an investment of £2m through **Training Plus** which supports training required to create or safeguard jobs in Scotland. These include BAE Systems in aerospace, O2 in financial services, Lynch Quality Meats in food and drink.

Developing the rural workforce is an important part of SE's work.

Following a successful pilot in SE Borders and SE Dumfries and Galloway, Scottish Enterprise ran a **Rural Leadership Programme** for 60 individuals in four groups across the Scottish Enterprise area to enhance leadership skills and improve understanding of the policy making process in the rural sector. In addition, a pilot project, **Women In Agriculture**, ran in Tayside and Grampian to provide 30 women in farming with some of the business management and practical skills necessary to improve business performance and exploit new business opportunities.

The funding of £2.7m from SE towards the creation of the **Scottish Construction Centre** was announced in 2006. Its aim is to drive forward innovation within the industry by helping it modernise and act as a platform for sharing information and best practice.

Last year an independent interim study of the £35 million **Construction Skills Action Plan** revealed that the industry had delivered 800 new jobs

including 82 additional plumbing apprenticeships. More than 400 adult Modern Apprentices have completed qualification and 338 managers undertaken advanced skills training. In total nearly 16,000 construction workers have benefited from training through the action plan.

One way in which SE seeks to improve the operation of the labour market is in providing better information, advice and guidance on emerging skills needs and trends to help businesses, individuals and educational authorities and institutions prepare for the future. **Futureskills Scotland**, (FSS) part of Scottish Enterprise and Highlands & Islands Enterprise, has carried out the most extensive studies of employers in Scotland ever undertaken to chart their future needs and works with Careers Scotland to disseminate this information.

The Scottish Labour Market 2006 and labour market projections to 2014 can be found at [www.futureskillsscotland.com](http://www.futureskillsscotland.com)

### Case Study Modern Apprenticeship



Dawn Stanley, Modern Apprentice

**“Working in partnership with SE Edinburgh and Lothian has benefited us greatly with funding to support our commitment to training and development.”**

**Elaine Morrison,**  
Training and Development Manager

#### Sheraton Grand Hotel and Spa

Sheraton Grand Hotel and Spa in Edinburgh introduced its Modern Apprenticeship programme with funding from Scottish Enterprise Edinburgh and Lothian five years ago in order to improve staff morale and increase productivity.

Currently there are 15 employees studying for their MA qualification while working in the reception, housekeeping, food and drink service departments within the hotel. The company has already supported 13 employees to complete the three year programme.

By delivering the programme in-house, Sheraton has ensured that the vocational training meets the needs of its business and since its introduction, the training programme has helped to improve customer service and satisfaction as well as reduce staff turnover rates.

**Delivering: A highly skilled and qualified workforce for a leading hospitality company.**

## Delivering Our Plan

### Skills and Learning: Best Start for Young People

#### What we want to achieve

It is vital that young people develop the skills and attitudes that will help them thrive in the workplace and become the entrepreneurs and employees of the future. Central to this is fostering a 'can do' culture and equipping young people with the skills most needed in a growing economy.

Scotland's youth unemployment rate is 13.9%, 4.5 percentage points higher than the best performing OECD economies. However those aged 16-19 not in education, employment or training (NEET) is above the UK rate of 14%, and equates to some 36,000 young people in Scotland. During 2006/07 growing concern about the number NEET led SE to increase its focus on 16-18 year olds.

#### What we delivered

Scottish Enterprise supports over 15,000 businesses and approximately 40,000 trainees per year through the three main national training programmes for young people - Skillseekers, which offers vocational training for young people at the very start of their careers; Modern Apprenticeships which train people to craft, technician and professional levels

in a wide range of industries and Get Ready for Work which is a vocational route into employment for young people with additional support needs.

These programmes show notable performance improvements on 05/06 as a result of a reprioritisation exercise which focused attention on training for young people.

The number participating in occupational training programmes funded by SE at the end of March 2007 was 38,779.

At the start of the year SE aimed to get between 15,000 and 18,000 of those in training to: achieve a formal vocational qualification; move on to more advanced training; or go in to employment, but actually achieved 21,164 nearly 13% more than in 2005/06.

An evaluation of the **Modern Apprenticeships** and **Skillseekers** Programmes showed very encouraging results with around 80 per cent of employers saying that the training is good or very good.

The same number stated that productivity had increased as a result of involvement with the training. In addition of every £1 invested in the programmes,



Up to 2,000 engineering Modern Apprentices are projected to be recruited over the next decade by BAE Systems on the Clyde and Babcock Engineering Services at Rosyth.

£8.88 is levered from the private sector; completion rates for all three programmes has increased year on year and comparisons between Scotland and England continue to show significantly superior performance in Scotland.

The national training programmes are funded by Scottish Enterprise but delivered by independent training providers. During 2006/07 Scottish Enterprise carried out a single procurement exercise for the National Training Programmes (NTPs) for financial year 2007/08 to drive better performance and increase efficiency. Over the next two years we aim to drive achievement rates up from 67% in 2006/07 to 75% by 2010.

## Delivering Our Plan

### Skills and Learning: Narrowing the Gap in Employment and Reducing Economic Inactivity

#### What we want to achieve

Adult unemployment in Scotland impacts upon the level of economic growth and our wider aspirations for society. Employment rates in Scotland are at historically high levels and unemployment rates have fallen, however there are still pockets of high unemployment and some social groups remain significantly under-represented in the labour market.

Moreover, unemployment data hides economic inactivity where individuals, for a variety of reasons, are not in work. Over 600,000 people of working age are currently inactive in Scotland, over 100,000 of them in Glasgow alone. This level of inactivity contributes to social exclusion and acts as a barrier to growth. The causes of economic inactivity are varied and complex. Addressing them requires support, advice and training focused around individual needs. The opportunity to boost the output of the economy through increasing the proportion in work is significant.

#### What we delivered

In 2006/07, Scottish Enterprise supported over 6,000 unemployed adults through the Training for Work programme providing training linked to job opportunities in the local labour market. Over 53% of Training for Work leavers subsequently entered a job and of those, 92% remained in employment three months later.

Scottish Enterprise has also participated in the development of plans for the three City Strategy pilot areas in Glasgow, Edinburgh and Dundee. The city strategy partnerships are funded by the Department of Work and Pensions and aim to reduce the number of workless people claiming benefits. The **Training for Work** programme will provide the vocational skills element of the support offered to assist people back into work.





## Delivering Our Plan

### Skills and Learning: Careers Scotland

#### What we want to achieve

**Careers Scotland provides expert, impartial career guidance to help people of all ages to understand today's dynamic and changing labour market, and make well informed choices about work, learning and training throughout their working lives.**

This work includes 'a guarantee', introduced during 2006/07, that all statutory school leavers (S4 pupils) receive a face to face consultation with a Careers Scotland Adviser before leaving school.

#### What we delivered

**From January of this year, and into the first months of 2007/08, our staff provided one to one support to 96% of S4 school leavers (11,060 pupils).**

In meeting this 'guarantee' we were able to further develop our partnership working with schools and other agencies as well identifying and engaging young people who require targeted support to make a positive transition from school. We will evaluate the impact of our work in this area in the coming months.

In our wider work with schools, we engaged with a total of 281,590 pupils. This was achieved through one to one support and a range of activities which aim to help young people to understand more about

the world of work. Activities such as **Science and Technology Matters** and the **Space School** delivered with partners like NASA have motivated over 16,000 young people to consider further learning and careers in science, technology, engineering and maths.

During 2006/07, we also provided additional support to over 2,500 young people who, for various reasons, would find it more difficult to achieve a successful transition from school to training, further education or work. For example over 80% of individuals who took part in our **Activate project**, which provides intensive support to small groups of young people as they approach their school leaving date, consistently secure and sustain work opportunities.

The annual **School Leaver Destination Return** carried out by Careers Scotland on behalf of the Scottish Executive each year tracks the progress of young people leaving school – over 52,000. 84.7% of young people leaving school in 2005/06 moved into work, learning or training. A follow up exercise in March 2006 showed that 96% of the original cohort had sustained a positive destination for six months. And for those young people who were not in employment, education or training (NEET) at the first survey, 38% had progressed into employment, education or training by the time we followed up six months later.





A young person and Careers Scotland Advisor working together on a Career Plan of Action

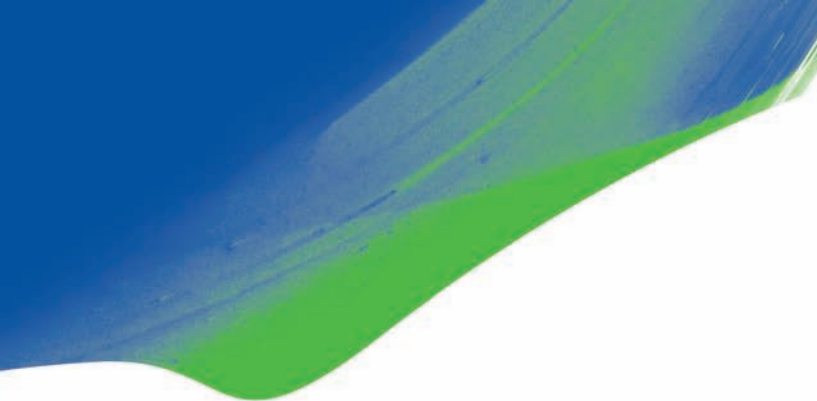
Careers Scotland also aims to make a clear contribution to achieving a real reduction in the number of 16-19 year olds who are not in employment, education or training. As part of our focus on the NEET group, we engaged 28,000 unemployed 16-19 year olds. Of these, 11,361 individuals had more complex needs or faced a range of barriers to achieving success in the labour market, more than we had anticipated. We supported 9,619 of these individuals to improve their employability with over 7,000 moving into employment, education or training. 4,816 of these young people were sustaining a positive outcome after three months.

The role and contribution of the **Career Scotland Key Worker** in empowering the most disadvantaged young people to find and sustain employment, training and other opportunities is widely recognised. During 2006/07, our key workers supported and engaged over 4,000 of the most vulnerable young people.

During 2006/07, we continued to provide access to our services and products in different ways and at different levels to meet the range of needs presented by our very diverse customer base.

The refreshed website, launched in October 2006, has encouraged 7,500 new users to register each month, meaning more and more people are accessing on line tools such as **CareersMatch** and **CV builder**. Providing practical advice and links to opportunities and other labour market information, 83% of users say that they will act on what they have learned from using the website. Over 22,500 on line CVs have been completed since January 2007.

Over 200,000 people of all ages sought our support to make choices about career development, work, learning or training. The opening of a number of new, high profile **Careers Scotland centres**



such as those in Glasgow and Edinburgh city centres, helped us achieve this, as has higher than expected engagement with schools and young people in school. We also worked with over 6,000 more unemployed adults, aged 20 years and over, as a result of improved partnership working and the opening of our new centres.

A long term customer tracking exercise involving 4,000 people of all ages was carried out during 2006/07.

Analysis has revealed that:

- The main reasons for contacting Careers Scotland were to find out more about employment/training/education opportunities and to seek support to 'plan my future'.
- Customer satisfaction levels were consistently high – over 90%.
- People who engage with us learn from their experience – males under 20 recorded the greatest levels of learning at 96.7% and males 20 and over the lowest level of learning at 87.7%.

- People who engage with us act on what they have learned. Males under 20 returning the most positive response at 95.1% and males 20 and over the lowest response rate at 84.9%.

- The greatest impact in our work is with males under 20, followed by females under 20, followed by females 20 and over and lastly males 20 and over.

Lastly, we have continued to provide valued support to adults who are facing redundancy through involvement in **PACE partnerships** (Partnership Action for Continuing Employment) and through our Redundancy Advice Service. We supported over 6,000 individuals in this situation during 2006/07, with a re-employment rate of over 74%.

# Delivering Our Plan

## Local Delivery

### Regional Priority Industries

Scotland's regional industries – aerospace, chemicals, construction, forest industries, shipbuilding and marine, and textiles – remain a focus for Scottish Enterprise in further developing opportunities for Scotland's economic growth.

These regional industries are supported by a lead Local Enterprise Company in the geographic region where the industry already has a strong presence, however the scope of our support is Scotland-wide.

Regional Industry	Update
<p><b>Aerospace</b> (SE Ayrshire)</p>	<p>Two major players in the aerospace sector were supported with their expansion plans at Prestwick. GE Caledonian is investing £28 million in its Prestwick operations, safeguarding the jobs of the current workforce and preparing the facility for the company's next generation of jet engines. Goodrich is extending its facilities at the Aerospace Park and creating 250 new jobs.</p> <p>The report of the AeIGT (Aerospace Innovation and Growth Team - a partnership between UK government, academia and industry) and the resultant technology validation and innovation networks programmes are now being implemented. SE is also supporting activities in skills development, research and development and process excellence that respond to Scottish needs in the overall UK programmes.</p> <p>The Department of Trade and Industry (DTI) highlighted the sector's challenges within their UK National Aerospace Technology Strategy (NATS) at an event in Glasgow hosted by SE which was the start of a series of events highlighting the changing technology landscape faced by aerospace and defence industries in Scotland.</p>
<p><b>Chemicals</b> (SE Forth Valley)</p>	<p>The Scottish Chemicals Regulatory Forum has been set up to improve the regulatory environment and help give Scotland a competitive advantage when attracting new projects.</p> <p>Working in conjunction with the industry, SE has assisted with the development of a Chemical Sciences Scotland initiative and brand to help promote the sector both in Scotland and internationally.</p> <p>A 'roadshow' which introduced Scottish Enterprise's Proof of Concept Programme to university chemistry departments has generated three successful applications, the first ever applications with a chemical designation.</p>
<p><b>Construction</b> (SE Glasgow)</p>	<p>An industry-led strategy is in place to drive improvement in Scotland's construction sector. 'Achieving Construction Innovation and Excellence in Scotland' is delivered by a partnership of SE, Highlands and Islands Enterprise and the Scottish Construction Forum.</p> <p>In 2006, plans were unveiled for a Scottish Construction Centre which aims to drive forward innovation within the industry by playing a key role in helping the industry modernise and acting as a platform for sharing information and best practice.</p>

Regional Industry	Update
<p><b>Forest Industries</b> (SE Dumfries &amp; Galloway)</p>	<p>In line with the Forestry Cluster strategy to stimulate investment of £100m with 1,000 associated jobs by 2008, the annual rate of investment in Scotland's forest industries has doubled.</p> <p>SE has assisted directly with several of the recently announced investment projects valued at £180m. These plans will safeguard and create substantial new employment in the industry well in excess of the jobs target.</p> <p>With several additional large scale investment projects in the pipeline – especially in the field of wood fuel, where current plans exceed £200m – expansion to meet increased timber production continues.</p>
<p><b>Shipbuilding/Marine</b> (SE Glasgow)</p>	<p>This sector comprises two main elements, ship building and ship repair and vessel management.</p> <p>An action plan for the Shipbuilding/Marine Sector, centred on future military ship programmes, especially the proposed new aircraft carrier for the Royal Navy, is now being implemented.</p> <p>Linked to this is SE's Scottish Marine Technologies Training Project (SMTTP) to coordinate the activities of multiple agencies in the engagement, recruitment and training of the required workforce for the industry.</p> <p>SMTTP will also support the re-skilling of the shipbuilding workforce in the longer term to help meet the needs of related sectors such as naval ship refit, renewable energy, marine engineering and construction where there are identified skills shortages.</p>
<p><b>Textiles</b> (SE Borders)</p>	<p>In February 2007 the Scottish Textiles team supported the launch of the new industry strategy, which aims to build on Scotland's long and distinguished history and reputation in producing high quality material whilst reinforcing its strengths in design and innovation.</p> <p>It has also worked with the industry to increase its international presence by participating in high profile events such as Dressed to Kilt at LA Fashion Week and Tartan Week in New York.</p> <p>Additionally, the team encouraged greater innovation in the sector by launching the Textiles Lab initiative in October 2006, which is supporting Scottish textiles companies to collaborate to design new fabrics or fashions.</p>

## Delivering Our Plan

### Local Delivery

### Local Enterprise Company Highlights

Scottish Enterprise Ayrshire		
<b>GROWING BUSINESSES</b>	<ul style="list-style-type: none"> <li>■ Business Gateway assisted 625 businesses to start up. New business starts included 259 starts by women and 98 starts from residents in disadvantaged areas.</li> <li>■ Bespoke assistance was provided to 214 businesses with significant growth potential.</li> <li>■ 10 businesses achieved business benefits through environmental programmes and significant savings were recorded by eight participants attending the Ayrshire Environmental Management Group.</li> <li>■ The focus on Aerospace helped secure the planned expansion of GE Caledonian and Goodrich.</li> </ul>	<ul style="list-style-type: none"> <li>■ 2,263 individuals participated in occupational training programmes funded by SE.</li> <li>■ 1,590 individuals achieved a positive outcome from training programmes funded by SE.</li> <li>■ 490 adults on SE funded programmes were supported in a move into employment.</li> <li>■ 63 businesses implemented workforce development to support growth.</li> <li>■ A higher skills programme was launched through the local Construction Skills Action Plan through which 39 site supervisors achieved their Level 3 VQ in Site Supervision and Management.</li> </ul>
<b>GROWING BUSINESSES</b>	<ul style="list-style-type: none"> <li>■ 30 businesses internationalised their activities.</li> <li>■ SEA worked in partnership with North Ayrshire Council, Communities Scotland and the Scottish Executive to help set up and develop the Irvine Bay Urban Regeneration Company.</li> <li>■ The Kilmarnock Regeneration Strategy was finalised in partnership with East Ayrshire Council and we supported the proposed Kilmarnock College relocation.</li> <li>■ In partnership with South Ayrshire Council a strategy was delivered to develop Ayr Town Centre to support the growth of the regional tourism economy.</li> </ul>	
Scottish Enterprise Borders		
<b>GROWING BUSINESSES</b>	<ul style="list-style-type: none"> <li>■ Business Gateway assisted 213 businesses to start-up, including 99 new businesses by women.</li> <li>■ 47 businesses were supported to make more effective use of ICT to achieve business growth.</li> <li>■ 10 businesses achieved business benefits through environmental programmes.</li> <li>■ 50 new ventures were supported in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>■ 397 individuals participated in occupational training programmes funded by Scottish Enterprise.</li> <li>■ 267 individuals achieved a positive outcome from training programmes funded by Scottish Enterprise.</li> <li>■ 76 businesses implemented workforce development programmes to support growth and productivity.</li> <li>■ 173 young people achieved a positive outcome from vocational training and development.</li> </ul>
<b>GROWING BUSINESSES</b>		<ul style="list-style-type: none"> <li>■ 20 businesses internationalised their activities.</li> <li>■ As a result of delivering the Network Strategic Investment Plan locally, SEB attracted £6.55m additional investment by working with our public and private partners.</li> <li>■ 8,112 sq m of business accommodation in high impact projects was provided.</li> </ul>



## Scottish Enterprise Dumfries and Galloway

### GROWING BUSINESSES

- Business Gateway assisted 320 businesses to start up. New business starts included 123 starts by women.
- Bespoke assistance was provided to 70 businesses with significant growth potential.
- 27 businesses helped to make more effective use of ICT to achieve business growth.
- 24 new ventures in rural areas were assisted which contributed towards the diversification of the rural economy.
- 11 businesses achieved business benefits through environmental programmes.

### SKILLS AND LEARNING

- 511 individuals participated in occupational training programmes funded by SE.
- 479 individuals achieved a positive outcome from training programmes funded by SEDG.
- 19 graduates and undergraduates undertook projects with local companies.
- 41 businesses implemented workforce development to support growth.
- 43 adults participated in SEDG programmes which helped them move into employment.

### GLOBAL CONNECTIONS

- 12 businesses internationalised their activities.
- 184 sq m of business accommodation in high impact projects was provided.
- Katalyst Projects Ltd was established to take forward ambitious plans to regenerate Gretna, Lockerbie and Annan area.
- Stranraer Breakwater phase 1 contract was awarded.

## Scottish Enterprise Dunbartonshire

### GROWING BUSINESSES

- Business Gateway helped 546 new businesses to start up, of which 193 were started by women and 36 in disadvantaged areas.
- Intensive support was provided to 87 businesses to improve their business performance.
- 14 businesses participated in environmental activities to achieve business benefits including energy efficiency measures which resulted in cost savings of £357k.

### SKILLS AND LEARNING

- 2,386 individuals participated in occupational training programmes funded by SE.
- 1,216 individuals achieved a positive outcome from training programmes funded by SE.
- 479 adults on SE funded programmes were supported in a move into employment, 137 of whom were in disadvantaged areas.
- 1,031 young people achieved a Modern Apprenticeship, vocational qualification or progressed to a job, further education or training.
- Undertook 55 engagements with businesses to develop their workforce and support business growth.

### GLOBAL CONNECTIONS

- 25 Dunbartonshire based companies within priority industry sectors internationalised their activities.
- Over 15,669 sq m of business accommodation in high impact projects was provided, including office space at Clydebank and the Vale of Leven Industrial Estate.
- Launch of the Loch Lomond Aquarium took place, typically attracting around 500 or more visitors each day and confirming Loch Lomond Shores as a premier visitor destination.
- Major progress was achieved at Clydebank Waterfront with the completion in the summer 2007, of the Clydebank College building and new enterprise centre.

## Scottish Enterprise Edinburgh and Lothian

### GROWING BUSINESSES

- Business Gateway assisted 1,760 businesses to start up. New business starts included 785 starts by women and 124 starts from residents in disadvantaged areas.
- Bespoke assistance was provided to 300 businesses with significant growth potential.
- 36 businesses achieved business benefits through environmental programmes.
- 53 knowledge transfer projects (collaborative ventures and licences) were supported.
- Business Gateway Edinburgh & Lothian reached the landmark number of 21,000 Start Up businesses, which it has helped since 1991.

### SKILLS AND LEARNING

- 5,186 individuals participated in occupational training programmes funded by SE.
- 2,317 individuals achieved a positive outcome from training programmes funded by SE.
- 421 adults on SE funded programmes were supported in a move into employment.
- 166 businesses implemented workforce development activity to support growth.

### GLOBAL CONNECTIONS

- 82 businesses internationalised their activities.
- As a result of delivering our Network Strategic Investment Plan locally, £45.4m additional investment was attracted by working with our public and private partners.
- 5,050 sq m of business accommodation in high impact projects was provided.

## Scottish Enterprise Fife

### GROWING BUSINESSES

- Scottish Enterprise Fife invested around £3.5 million supporting the growth of businesses in the region.
- Business Gateway assisted 701 new businesses to start up. New business starts included 313 starts by women and 50 starts from residents in disadvantaged areas.
- Account Management service supported 70 businesses.
- 15 businesses achieved business benefits through environmental programmes.
- 18 new ventures in rural areas contributed towards the diversification of the rural economy.

### SKILLS AND LEARNING

- £6.8 million was committed to skills development.
- 2,369 individuals participated in occupational training programmes funded by SE Fife.
- 342 adult participants achieved a positive outcome from training programmes funded by SE Fife.
- 1,476 individuals achieved a qualification from an occupational training programme funded by Scottish Enterprise.
- 64 businesses implemented workforce development to support growth.

### GLOBAL CONNECTIONS

- 26 Fife-based businesses within priority industry sectors internationalised their activities.
- As a result of delivering our Network Strategic Investment Plan locally, we leveraged £14.5m additional investment by working with our public and private partners.
- 7,000 sq m of business accommodation in high impact projects was provided.



## Scottish Enterprise Forth Valley

### GROWING BUSINESSES

- Business Gateway assisted 613 businesses to start up, which is a 7% increase compared to last year. New business starts included 297 starts by women, a 5% increase from last year, and 19 starts from residents in disadvantaged areas.
- Bespoke assistance was provided to 141 businesses with significant growth potential.
- 27 companies achieved cost savings totalling = £806,504 with potential to realise a further £96,000 through environmental programmes.
- Rural Enterprise Facilitator Programme was launched in March 2007. This is a multi-partner programme designed to encourage and support new business start-ups and existing businesses in the rural areas of Stirling.

### SKILLS AND LEARNING

- 1,550 individuals participated in occupational training programmes funded by SE.
- 955 individuals achieved a positive outcome from training programmes funded by SE, almost double the number helped last year.
- 276 adults on SE funded programmes were supported in a move into employment.
- 34 businesses implemented workforce development to support growth.
- The Get Ready For Work programme helped 633 young people across the Forth Valley area with 10 providers investing £1.4m and securing a 58% positive transition into Employment, Training and Further Education.

### GLOBAL CONNECTIONS

- 29 businesses internationalised their activities.
- As result of delivering our Network Strategic Investment Plan locally, £1.49m additional investment was attracted by working with our public and private partners.
- 8,089 sq m of business accommodation in high impact projects was provided.
- Working in partnership with Glasgow University, we have contributed towards the building costs of the Rowardennan Scottish Centre of the Natural Environment and Ecology. The building has achieved an "excellent" BREAM rating - the highest rating for the environmental sustainability of a building.

## Scottish Enterprise Glasgow

### GROWING BUSINESSES

- Business Gateway helped start-up 1,156 new businesses. 429 were started by women and 228 in disadvantaged areas.
- Bespoke assistance was provided to 145 businesses with significant growth potential.
- 57 knowledge transfer projects (collaborative ventures, licences) were supported.
- 74 businesses made more effective use of ICT to achieve business growth.
- The International Financial Services District celebrated its 5 year milestone. 13,000 new jobs achieved to date.

### SKILLS AND LEARNING

- 9,938 individuals participated in work-based training.
- Over 8,000 individuals participated in Modern Apprenticeships, with 2,400 completions during the year.
- 1,181 adults were supported into employment. 601 were from disadvantaged areas.
- 24,000 individuals undertook training in the construction sector; over 10% of the Scottish workforce.
- 434 unemployed individuals were supported into full-time sustainable construction employment through the Construction Skills Action Plan.

### GLOBAL CONNECTIONS

- Over 61 organisations within priority industry sectors internationalised their activities.
- 35,629 sq m of business accommodation in high impact projects was provided.
- Over £173m of additional investment was attracted on site in high impact projects.
- The Hub Building at Nova Technology Park occupied by the Wood Group creating 250 high value jobs.
- First private sector development of 2,790 sq m started on Digital Media Quarter at Pacific Quay.

## Scottish Enterprise Grampian

### GROWING BUSINESSES

- Business Gateway assisted 938 businesses to start up. New business starts included 444 starts by women.
- Bespoke assistance was provided to 265 businesses with significant growth potential.
- 20 businesses achieved business benefits through environmental programmes.
- 'Celebrating Success' customer event attended by over 80 account managed businesses.
- 11 knowledge transfer projects (collaborative venture, licences) were supported.

### SKILLS AND LEARNING

- 2,059 individuals participated in occupational training programmes funded by SE.
- 1,277 individuals achieved a positive outcome from training programmes funded by SE.
- 164 adults on SE funded programmes were supported in a move into employment.
- 29 businesses implemented workforce development to support growth.
- Leadership Development Programme delivered to senior management personnel from a range of companies with very positive feedback obtained.
- Training for Work and Opportunity Gateway initiatives reduced local unemployment gap.

### GLOBAL CONNECTIONS

- 103 High Potential businesses internationalised their activities.
- As result of delivering our Network Strategic Investment Plan locally, £2.84m additional investment was attracted by working with our public and private partners.
- 2,400 sq m of business accommodation in high impact projects was provided.
- Funding approval of Energy Development Centre contributing to the public-private venture to secure £25 million of new investment in Aberdeen Science Parks.

## Scottish Enterprise Lanarkshire

### GROWING BUSINESSES

- Business Gateway assisted 1,122 businesses to start up. New business starts included 424 starts by women.
- Bespoke assistance was provided to 116 businesses with significant growth potential.
- A number of sustainable environmental programmes delivered significant business benefits to 11 companies.
- Tailored support helped companies launch and implement 30 new products, services and processes.
- Three successful business start-up companies were recognised at the national Biggart Baillie Innovation Awards.
- A series of Knowledge Transfer events encouraged more collaboration between Lanarkshire businesses and the education community.

### SKILLS AND LEARNING

- 6,430 individuals participated in Scottish Enterprise's occupational training programmes.
- 3,339 trainees moved into a positive destination.
- An additional 31 businesses engaged in Workforce Development activities to support their growth.
- More than 2,000 trainees involved in Modern Apprenticeships.

### GLOBAL CONNECTIONS

- The Lanarkshire Branding project went from strength to strength with the launch of [www.lanarkshire.com](http://www.lanarkshire.com)
- 60 businesses assisted to internationalise their activities.
- Network Strategic Investment Plan attracted an additional £7 million investment through public and private partners.
- High impact projects benefited from the provision of 10,500 sq m of business accommodation.



## Scottish Enterprise Renfrewshire

### GROWING BUSINESSES

- Business Gateway helped start-up 647 new businesses of which 237 were start-ups by women.
- Bespoke assistance to 84 businesses with significant growth potential was provided.
- 5 businesses achieved business benefits through environmental improvement programmes.
- 3 knowledge transfer projects (collaborative ventures, licences) were supported.
- The Hillington Park Innovation Centre goes from strength to strength, resident companies doubled their sales turnover last year.

### SKILLS AND LEARNING

- 3,130 individuals participated in occupational training programmes funded by Scottish Enterprise (SE).
- 1,936 individuals achieved a positive outcome from training programmes funded by SE.
- 333 adults on SE funded programmes were supported in a move into employment.
- 48 businesses implemented workforce development to support growth.

### GLOBAL CONNECTIONS

- 38 businesses assisted to enter new international markets.
- Delivering our Network Strategic Investment Plan, attracted £1.8 million additional investment by working with our public and private partners.
- Riverside Inverclyde Urban Regeneration Company and investment for initial projects was launched.
- The Glasgow Airport Development Framework and Action Plan was approved by local partners.

## Scottish Enterprise Tayside

### GROWING BUSINESSES

- Business Gateway assisted 693 businesses to start up. New business starts included 297 starts by women and 51 starts from residents in disadvantaged areas.
- Bespoke assistance was provided to 122 businesses with significant growth potential.
- 22 businesses achieved business benefits through environmental programmes.
- 6 knowledge transfer projects (collaborative ventures, licences) were supported.

### SKILLS AND LEARNING

- 2,537 individuals participated in occupational training programmes funded by SE.
- 2,521 individuals achieved a positive outcome from training programmes funded by SE.
- 169 adults on SE funded programmes were supported in a move into employment.
- 23 businesses implemented workforce development to support growth.

### GLOBAL CONNECTIONS

- 53 businesses internationalised their activities.
- As result of delivering our Network Strategic Investment Plan locally, £12.5m additional investment was attracted by working with our public and private partners.
- 4,590 sq m of business accommodation in high impact projects was provided.
- With SE Tayside assistance, numerous mobile investment projects chose Tayside as a location creating over 425 new jobs and attracting private sector investment of over £42 million across a wide range of key sectors - including life sciences, digital media, tourism and financial services.



Section 5

## Customer First

### Putting the Customer at the Heart of the Business

#### Service Excellence

In November 2006, Scottish Enterprise underwent an assessment to ensure that it continued to meet the **Charter Mark standard**, the government's award for customer service excellence. From the assessment of particular note was SE's continuing commitment to customer service:

“There is a strong emphasis on putting the customer at the heart of the business; consultation with customers and staff and listening to their views is well developed. Good partnership working is embedded in the way Scottish Enterprise works and there is evidence that this is still improving. Services are provided in a flexible way, taking account of the choices, needs and preferences of customers. Staff at all levels in the organisation make a priority of good customer service.”

Charter Mark Assessor

Following the conclusion of this work the Network has been taking forward a programme of actions including; voicemail practice, handling of web enquiries, and improving the SE's complaints procedure.

#### Listening to our Customers

Early in 2007 SE commissioned independent research to gather customer views on SE's performance and service.

This research has been insightful and has helped clarify a number of important aspects that affect customers including; how we manage expectations and how we can better communicate what we do.

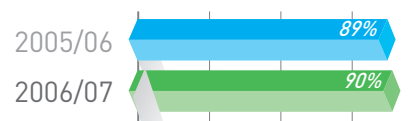
## Taking Action

We continue to measure ourselves against our Customer Charter for our response times for telephone calls, the payment of invoices, and dealing with complaints. Our results for the last two years are shown below.

Our response times for 2005/2006\* and 2006/2007\*:

### Telephone

(calls answered within 15 seconds)



### Invoices

(valid invoices paid within 30 days)



### Complaints

(reply to complaints within 5 working days)



\*average figure for Local Enterprise Companies and Atlantic Quay Business Units

We publish our results against our customer standards at regular intervals throughout the year on the Customer First section on our website. Copies of Customer Charter are available at our reception areas and online at: [www.scottish-enterprise.com/customerfirst](http://www.scottish-enterprise.com/customerfirst)

## Equal Opportunities

Ensuring equal opportunities practices are embedded in all our projects, programmes and policies is a priority for SE. Every major project has a mandatory requirement to have an equality impact assessment carried out to ensure that any adverse effects on under represented groups are identified and addressed. We also publish a separate Equal Opportunities annual report in January which sets out our work in this area and highlights our compliance with the public sector duties for race, disability and gender. Our latest report can be accessed here:

<http://www.scottish-enterprise.com/publications/equalopportunitiesreport2006.pdf>.

## We want to hear from you

We value and welcome customer feedback on any matter relating to our business and there are a number of ways you can do this:

- Comments can be made on the Customer First section of our website at [www.scottish-enterprise.com](http://www.scottish-enterprise.com)
- Call the Network Helpline 0845 607 8787.

## Accessing Our Services

### Getting in Touch

**Scottish Enterprise provides a range of products, services and advice to our business customers and individuals in Scotland. These services can be accessed through any of our main channels:**

#### Business Gateway

Web: [www.bgateway.com](http://www.bgateway.com)  
Helpline: 0845 609 6611

Business Gateway is a one-stop shop for businesses in Scotland, whatever their size, allowing them to easily access all publicly funded business support services.

These services are aimed at both start-ups and existing businesses. They offer a wide range of support including advice on issues ranging from planning and financing a new business, to managing human resources, to providing intelligence on sustainability, growth and internationalisation.

High quality online services can be accessed through the Business Gateway.

#### Scottish Development International

Web: [www.sdi.co.uk](http://www.sdi.co.uk)  
Helpline: 0141 228 2828

SDI is a joint venture between Scottish Enterprise, Highlands and Islands Enterprise and the Scottish Executive. SDI helps business exploit Scotland's key strengths in knowledge, high level skills, technology and innovations.

Our main aims are:

- partnership investments between Scottish and other companies to open new channels to markets, technologies and products.
- increasing trade growth by encouraging the expansion of Scotland's portfolio for first class exported goods and services to new markets.
- helping to strike licensing deals between Scottish and overseas companies and universities.
- the attraction of direct investment, concentrating on research, design and development projects with high knowledge content.

Scottish based customers can also find out more about our international services through Business Gateway International – [www.bgateway.com](http://www.bgateway.com) or 0845 609 6611.

#### Careers Scotland

Web: [www.careers-scotland.org.uk](http://www.careers-scotland.org.uk)  
Helpline: 0845 8 502 502

Careers Scotland provides a range of career planning services to people in Scotland – whatever their age, background or circumstances. Careers Scotland works through other organisations, including local authorities, schools, colleges, voluntary sector organisations and businesses. The service also covers Scottish Enterprise Highlands and Island Enterprise.



## Scottish Enterprise Board Members

Scottish Enterprise Board Members are appointed by Scottish Ministers to be responsible for the overall direction of the organisation. The Executive Board, who report to the Chief Executive, implement policies and programmes to deliver network priorities.



**Sir John Ward CBE**  
Chairman



**Jack Perry**  
Chief Executive



**Frank Blin CBE**  
Head of UK Regions,  
PricewaterhouseCoopers. Chair of Scottish  
Enterprise Investment Committee and  
Co-investment Fund Chair.



**Douglas Lamb**  
Managing Director Boxshop Ltd.



**Colin McClatchie**  
Former Managing Director, Scotland &  
Ireland, News International Newspapers  
Ltd. Non-executive director of Beattie  
Communications and Dunfermline Press  
Group. Chair of Scottish Enterprise  
Remuneration and Nominations Committees.



**Donald MacRae FRSE**  
Strategy and Finance Director, Lloyds TSB  
Scotland plc. Chair of Scottish Enterprise  
Performance Committee.



**Pat Denzler**

Former restaurateur and hotelier.  
Past President, East of Scotland  
Businesswomen's Club.



**Barbara Duffner OBE**

Senior non-exec and Chair of Remuneration  
Committee Student Loans Company. Board  
Member Judicial Appointments Board  
Scotland. Member of Court of University  
of Glasgow. Public Interest member of the  
Institute of Chartered Accountants  
Scotland. Holds other positions as chair  
of professional conduct Committees.



**Fred Hallsworth**

Former Senior Client Service Partner,  
Deloitte and council member, CBI.  
Co-founder of the Cambridge Network and  
holds a number of TMC and Life Sciences  
non-executive director appointments. Chair  
of Scottish Enterprise Audit Committee.



**Charlie Morrison**

Former Vice President, IBM Europe, now  
Chairman, Greenoak Solutions Ltd.  
Chair of Scottish Enterprise Operations  
and Finance Committee.



**Ray Perman**

Chairs the Access to Finance Expert Group  
for the Department of Business, Enterprise  
and Regulatory Reform and is Chair of  
Scotland Europa. Holds a number of non-  
executive positions including Chair of Social  
Investment Scotland. Adviser to the Scottish  
Executive on Enterprise Education.



**Professor Timothy O'Shea,  
Bsc, PhD, FRSE,**

Principal of University of Edinburgh.  
Board member of ITI Scotland Ltd and  
the British Council.

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**Executive Board**

**Jack Perry**

Chief Executive

**Janet Brown**

Managing Director, Industries  
(stood down 23 March 2007)

**John Phillips**

Managing Director, Corporate Services

**Hugh Hall**

Chief Financial Officer

**Lena Wilson**

Chief Operating Officer

**Charlie Woods**

Director of Strategy and  
Chief Economist (stood down 29 June 2007)





## Contact Addresses

The network of 12 local enterprise companies plays a crucial role in delivering the operational activities of Scottish Enterprise. They all have a local responsibility for the areas they serve and form a key resource for the network's customers.

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