BUILDING SCOTLAND’S FUTURE TODAY

SCOTTISH ENTERPRISE’S STRATEGIC FRAMEWORK 2019 - 2022

Scottish Enterprise
The world is changing all around us.
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Across the world the definition of economic success is changing. We’re seeing a shift in the mindset of successful nations as they no longer seek only to create wealth; they distribute wealth so that success and happiness is shared by everyone.

Wellbeing shares centre stage with sustainable and inclusive economic growth in the Scottish Government’s new National Performance Framework. A powerful statement of national purpose.

As Scotland’s national economic development agency, Scottish Enterprise must be at the heart of realising this ambition. To do that we need to transform the way we work and to remind ourselves why we were created almost three decades ago: to develop Scotland’s economy and create and protect jobs.

In recent years, we have focused more on supporting a segmented group of businesses and favoured sectors, but we now need an emphatic shift back towards our original purpose and to make sure we are playing our part to deliver for the whole economy; working with business to create more, quality jobs that help reduce poverty and support businesses, communities and families across Scotland.

To do that we need to do three things: build economic resilience; invest in growth; and address the long-term opportunities and challenges facing our economy. We cannot do this alone. It’s essential that we work with others, most notably our partners on the Enterprise and Skills Strategic Board, but also with other stakeholders, with our business partners and with our customers, to build a better, fairer future for all. And we need to do that with continued humility, empathy and sensitivity.

Scottish Enterprise has served Scotland well in recent years in supporting the Scottish Government’s Economic Strategy. We’ve worked to secure a reputation as a location of choice for significant inward investment and grown exports in lucrative overseas markets. We’ve also helped build home-grown success in areas such as robotics and informatics.

But Scotland, along with many other developed countries, continues to struggle with an uneven spread of economic success across its diverse communities. Deprivation and affluence are all too often uneasy bedfellows; persistent, regional pockets of low employment and too few businesses realising their growth potential are damaging wellbeing in parts of Scotland. In fact, despite all of Scotland’s strengths and comparative advantages, it is ranked 21st out of the 36 OECD countries when it comes to income equality.

These challenges, alongside a complex global economy, the unknown impact of Brexit, and the impact of automation and artificial intelligence, mean that more of the same economic development will, at best, deliver more of the same economic outcomes. And inequalities will remain.

This means the time is right for a new approach. An approach that taps into Scotland’s past to build a brighter future today.

Although a small country, Scotland has centuries of experience of packing an impressive punch when it comes to economic success.
As one of the original industrial powerhouses, we have long been a nation of thinkers and innovators, our inventions and ideas embraced across the globe. From whisky, shipbuilding and penicillin, to television, jet engines and nano satellites, Scotland has a deep history of innovation that has provided the foundation of much of the modern world.

Scotland continues to have the potential to make a big impact on the world stage. Its reputation is growing as a place to do business – not just because of the skills, talent and resources at our disposal – but because of who and what we are: innovative, progressive, welcoming and dynamic.

Businesses of every size in Scotland – from those that are home-grown to those that have chosen to locate here – all recognise there is an opportunity to be part of a growing economy that does things differently. To contribute to sustainability, equality and wellbeing while growing their business. To give something back. To be kind and do good.

We are proud to stand with these companies. To be the difference together. Likewise, we need to work hand in hand with partners and friends who share our vision, rallying together in a more open and collaborative way so we can maximise opportunities and tackle the big challenges.

We need to be as entrepreneurial as the people and businesses we support. We need to be a business that moves quickly, questions how things are done and takes brave, insight-driven and evidence-led decisions to make new things happen. We need to clearly understand what we do and how we do it, and ensure we have the right culture, talent and skills that foster a new way of working, to deliver for the economy in the short-term while being ready for the changes that will be needed in the long-term.

The importance of a successful economy cannot be overestimated. We want all of Scotland’s children, and their children, to have the future they deserve. A future where every community, every family, and every individual benefits from economic success.

We are Scotland’s national economic development agency – building Scotland’s future today.

Steve Dunlop
Chief Executive
The ambitious plans set out in our Strategic Framework include:

- A stronger focus on creating and protecting quality jobs which give people opportunity, security, fulfilment and respect, and nurtures shared wealth and collective wellbeing.
- Making job-related grants contingent on fair work practices, including job security and payment of the real living wage.
- Stronger partnerships working to target more investment in the places where it can make a significant difference to communities and reduce geographical economic inequalities.
- New measures to raise the growth ambition of all businesses and boost entrepreneurial spirit across all parts of society.
- Redesigning our approach to business support and relationship management so that access to information, advice and funding is easy and joined up across the business support system.
- Building on the initial success of Brand Scotland to strengthen Scotland’s international reputation for exports and inward investment, and to open up Scotland to a new generation of talent and global innovators who want to work with us to address big future economic opportunities and challenges.
- Dedicated resources to proactively identify and manage businesses in distress so that we can intervene earlier with partners to mitigate the impact of economic shocks.
- Stronger partnerships and new ways of working to achieve shared outcomes with the Strategic Board and our partner agencies.

Why this is important:

- One in five people working in Scotland earn less than the real living wage and a third of part-time workers are low paid.
- 35% of the working age population live in local authority areas with below Scottish average employment rates.
- Scotland’s productivity lags most other small advanced economies, reducing the ability of businesses to raise wages.
- Scotland needs 70,000 more businesses, 7,000 more exporters and 100 more high-growth businesses to match the best-performing UK regions.
- Less than half of Scottish businesses with 10 or more employees invest in innovation.
- Although we’re ranked 16th out of 50 countries for international reputation we are associated with less modern attributes that are less attractive to investors and talent.
- Scotland’s business base is becoming less resilient – corporate insolvencies are almost 10% higher over the past year.
- Only by working collectively with partner agencies, will we help Scotland to move towards the top quartile of OECD countries for productivity, equality, wellbeing and sustainability.

Over the next year our plans will:

- Create or safeguard up to 10,500 jobs paying at least the real living wage.
- Enable up to £300-£350 million of R&D investment in research and development and up to £200 million of capital investment.
- Help businesses to raise growth funding of up to £255 million.
- Support international exports worth up to £1.5 billion.
Introduction
Introduction

This Strategic Framework sets out our ambitions for the future of Scotland’s economy and how we will transform the way we work – including how we work with others – to achieve our ambitions. It outlines:

- The economic context in which we operate, and the opportunities and challenges this presents.
- The partnership model we work within.
- Our new vision, purpose and values.
- Our detailed three-year Corporate Strategy and one-year Operating Plan, and how we will measure progress against these.

To ensure our Framework delivers effectively, we have worked closely with our agency partners to develop a shared understanding of the environment in which we operate and the outcomes we are pursuing.

**STRATEGIC PARTNERSHIPS ARE VITAL IF WE ARE TO BE SUCCESSFUL IN INCREASING SCOTLAND’S PRODUCTIVITY LEVELS, DELIVERING SUSTAINABLE, INCLUSIVE ECONOMIC GROWTH AND CREATING SKILLED JOBS.**

Shona Struthers
Chief Executive, Colleges Scotland
State of the nation
We know that global economic events will continue to have an impact on our economy over the next three years. The Scottish Government’s State of the Economy report tells us that economic growth is expected to be slower or relatively weak in many of our key markets – including Europe, the USA and the rest of the UK. At the same time, we expect growth in Scotland to slow down as a result of low productivity and a reduction in the working age population.

Despite this, the labour market is performing well. Scotland’s population is highly qualified and employment is at a record high with unemployment at a record low.

This creates its own challenges, however:

- Skills shortages for some businesses and sectors
- Unequal access to the best job opportunities
- Overqualified workers whose talent is not fully utilised
- Low wages caused by low productivity, and vice versa

However, Scotland is still one of the most attractive locations in the UK and Europe for inward investment, thanks to our skills, talent and knowledge. And, there are still significant opportunities for Scottish businesses to sell their goods and services overseas.

We need to build on our successes to create a more resilient economy with greater business dynamism and growth ambition. To make this happen we want to encourage and support more businesses and sectors to trade overseas, to be more innovative, to invest more in people and capital, and to access growth funding. We need to learn from and aspire to match the performance of other small, successful, advanced economies, such as Switzerland, Norway and Ireland, on the drivers of growth and productivity. If we can achieve that in businesses and sectors across all of Scotland, we can create more and better jobs, and a wealthier, fairer economy.

IN TIMES OF INCREASED ECONOMIC UNCERTAINTY, SCOTTISH ENTERPRISE’S ROLE THROUGH ITS SUPPORT AND INTERACTION WITH THE BUSINESS BASE IS CRUCIAL IN ENABLING AND SUPPORTING BUSINESS TRANSFORMATION, RESILIENCE AND ULTIMATELY ECONOMIC SUCCESS FOR SCOTLAND.

Gary Gillespie
Chief Economist, Scottish Government
State of the nation

GLOBAL ECONOMY

ECONOMIC GROWTH FORECAST

PRODUCTIVITY

GROWING PRODUCTIVITY
is key to creating more, quality jobs and raising wages.

Scotland’s economy could be £50bn bigger if we could match THE MOST PRODUCTIVE COUNTRIES

SKILLS

47% OF 25 TO 64 YEAR OLDS HAVE A TERTIARY EDUCATION - 5TH HIGHEST RATE IN THE OECD

But skills and qualifications are not being fully used:

35% OF BUSINESSES HAVE AT LEAST ONE EMPLOYEE WITH SKILLS OR QUALIFICATIONS HIGHER THAN NEEDED

225,000 EMPLOYEES OVERQUALIFIED/SKILLED FOR THEIR CURRENT ROLES

Whilst the global economic environment is challenging there still are MAJOR OPPORTUNITIES IN EXTERNAL MARKETS

LOW PRODUCTIVITY IS AFFECTING REAL WAGE GROWTH - median earnings are still below 2010 levels and in-work poverty for working-age adults is rising.
State of the nation

Labour Market

Scotland's employment is near record highs

However, in the top performing areas the employment rate is over 10 percentage points higher than the bottom

Some businesses are experiencing skill shortages

Global Challenges & Opportunities for Scotland

Automation

Challenge: Potentially 230k Scottish jobs at risk from automation

Opportunity: New jobs can be created in robotics, informatics, and data

Climate Change

Challenge: Scotland has an ambition to be carbon neutral by 2040

Opportunity: Growing global low carbon markets for innovative businesses

Ageing Population

Challenge: By 2041 the number of people in Scotland aged 65+ is expected to rise by 413k

Opportunity: Developing new products and services to support healthy, active and productive ageing globally

Higher & Further Education

Of our universities are in the world's top 200

Of our colleges in the WorldSkills UK top 10

£1bn Higher Education R&D and grown by 50% since 2001

Inward Investment

Scotland performs well in Inward Investment

Helped by a combination of high workforce quality, supportive business environment and world-leading research

Total number of projects secured last year remains higher than any year prior to 2015

Leading UK location outside of London for global investment for the sixth year out of seven
Facing into headwinds and unprecedented change
Facing into headwinds and unprecedented change

BREXIT

Brexit represents a fundamental shift in the economic landscape which will impact on Scotland’s businesses, sectors, communities and people. We want to help Scotland’s businesses plan so they can adapt to this new landscape. We want them to maintain and grow their competitiveness in the face of both the ongoing uncertainty and the longer-term consequences.

We have been working with partners across the enterprise and skills system, including the Scottish Government, Business Gateway, and a range of industry bodies, to mitigate the impact Brexit will have on businesses.

Central to our response is the Prepare for Brexit campaign (www.prepareforbrexit.scot) which aims to support more companies to actively develop and implement their own Brexit plans.

As we challenge companies to adapt and remain flexible in their planning for the future, it is vital that we are not complacent about the potential nature and scale of the economic implications of Brexit. Our Operating Plan is agile and able to adapt to changing circumstances. In addressing the shorter-term impact of Brexit, we are also focused on meeting our long-term goals for Scotland’s economy.

We are putting in place support to enable growth businesses and sectors to anticipate and manage economic change, and to benefit from sources of growing global demand. It is also why we are determined to help businesses become more resilient, coping with short-term challenges while also investing in people, technology and markets that will pay dividends over the longer-term.

For some businesses, change will be a trigger for them to look at previously unconsidered opportunities. New and existing exporters may look to access different global markets, employers may invest in workforce development to address skills gaps, while others may broaden their recruitment plans to hire talent from new sources.

In addition, EU policy and regulation will still shape our future business environment, regardless of the outcome of Brexit. We will continue to work in partnership with Scottish Government and other stakeholders on EU policy engagement and to gather intelligence to support our approach to economic development.

We will still actively engage in European networks and build relationships with others beyond our borders to secure Scotland’s position and influence. We will be generous in sharing our learning and expertise with others to secure ongoing Scottish engagement in policy and funding developments that create opportunities for businesses, universities, colleges and communities.

BY WORKING CLOSELY TOGETHER HERE AND ACROSS OUR INTERNATIONAL NETWORK OF INVESTMENT AND INNOVATION HUBS, SCOTTISH GOVERNMENT, SCOTTISH ENTERPRISE, AND OUR PARTNERS CAN SUPPORT INCLUSIVE GROWTH IN SCOTLAND.

Mike Neilson
Director, Scotland House Brussels
GLOBAL TRENDS

Brexit is not the only major global event that will influence the long-term shape of our economy. Although we know change can bring uncertainty, many of these trends also present new opportunities for Scotland to take advantage of.

The world’s population is getting older, with the number of people aged over 60 expected to double globally to two billion by 2050. In Scotland we expect the number of those in the traditional working-age to decline by around 150,000 over the next 20 years. At the same time, it’s predicted that the number of people aged over 65 years will increase by more than 400,000. This will bring opportunities to develop and create new markets, products and services for healthy, productive and active ageing.

Similarly, rapid changes in technology present significant opportunities. And although artificial intelligence, robotics and other forms of automation will replace some employment, these technological changes have the potential to boost the global economy by over 25% by 2030 while creating new types of quality jobs. We must take advantage of this to drive new jobs in high skilled industries, for example, applying these new technologies to transform the competitiveness of Scotland’s high value manufacturing sector.

Climate change is one of the biggest risks to the future resilience of the global economy. A move to a low carbon world economy could deliver huge economic growth and job-creating benefits for innovative businesses.

We have a critical role in shaping and delivering Scotland’s response to this fast-changing environment. This is the time to be brave in our thinking. We must build resilience and ensure we realise new opportunities as they arrive. We need to innovate our way into new economic territory. And we must be confident in our ability to work together to do so.

THE GLASGOW CITY INNOVATION DISTRICT IS ESTABLISHING AN INTERNATIONAL EXEMPLAR FOR THE CREATION AND CO-PRODUCTION OF NEW TECHNOLOGIES, IDEAS AND COMPANIES

Prof Sir Jim McDonald
University of Strathclyde/
Glasgow City Innovation District

Facing into headwinds and unprecedented change
Enabling Scotland’s economic system to respond
Enabling Scotland’s economic system to respond

**THE SCOTTISH GOVERNMENT’S ECONOMIC AGENDA**

We have a clear ask from the Scottish Government to help deliver its purpose and long-term aspirations for Scotland’s economy. It has set out its direction and guidance for this in three main documents, its Programme for Government, Economic Action Plan and Enterprise & Skills Strategic Board’s Strategic Plan, along with more recent guidance on plans for growing exports - A Trading Nation.

At the centre of the government’s aspirations is a Fair Work First approach, which recognises that successful economies put fair work practices at the heart of everything they do. This is key if we are to create vibrant economic communities and more quality jobs in every part of Scotland.

Each of these documents recognises the role Scotland’s enterprise and skills system plays in creating the right environment to build a strong, inclusive and diverse economy, and crucially, one that promotes wellbeing and attracts investment. They also provide important strategic context which is reflected in our own plans.

SCOTLAND’S KEY RESOURCE IS ITS PEOPLE. FAIR WORK CREATES THE CONDITIONS WHERE PEOPLE’S SKILLS, TALENTS, INGENUITY AND COMMITMENT ARE DEPLOYED OPTIMALY, TRANSFORMING PEOPLE’S WORKING LIVES AND BEYOND; BUILDING HIGH PERFORMING, INNOVATIVE BUSINESS ORGANISATIONS; AND CREATING AN INCLUSIVE, SUCCESSFUL AND SUSTAINABLE SCOTLAND.

Professor Patricia Findlay
Co-Chair, Scotland’s Fair Work Convention

Miller Fabrications
Enabling Scotland’s economic system to respond

 ENTERPRISE & SKILLS STRATEGIC BOARD

The Enterprise and Skills Strategic Board has tasked the enterprise and skills agencies with collectively helping Scotland move towards the top quartile of OECD countries for productivity, equality, wellbeing and sustainability.

Achieving this ambition would mean more spending power for individuals, improved business competitiveness and profits, and consequently higher tax revenues to help fund better public services.

The Board’s Strategic Plan outlines how a joint-agency approach can help towards achieving this shared ambition for Scotland. Over the next three years, we will further collaborate with Highlands and Islands Enterprise, Skills Development Scotland, the Scottish Funding Council and the new South of Scotland Enterprise Agency to develop this approach.

The Strategic Plan and the Scottish Government’s Economic Action Plan both identify initial actions for the agencies to take in pursuit of our shared vision. Our commitment to deliver these is reflected throughout our plans.

The Board’s Strategic Plan includes four separate policy missions, which the agencies will work towards collaboratively.

The Board’s policy missions are:

► Future Skills Needs
  Building a more demand-led skills system that better responds to the current and future skills needs of employers and individuals.

► Business Creation and Growth
  Creating a nation of dynamic and high achieving entrepreneurs, with a focus on inclusivity, and provide a new structure of support for business scale-up.

► Business Models and Workplace Innovation
  Harnessing the full potential of progressive business models, workplace innovation and fair work to enhance productivity, equality, wellbeing and sustainability.

► Exporting
  Increasing export growth by increasing the number of exporters, including greater reach at regional level, and the value of exports.

Identified within the Strategic Plan, Scottish Enterprise has a specific role to play in:

► Developing a single business portal.

► Promoting progressive business models and innovative work practices.

► Delivering with partners a national exporting service, using Scotland is Now branding.

► Using our data and digital capability to align agency offers and enhance services to customers.

► Encouraging and enabling a shift to a more demand led skills system that better responds to the current and future skills needs of individuals and supports companies to grow, innovate and export.

WE’RE DELIGHTED TO BE WORKING COLLABORATIVELY WITH SCOTTISH ENTERPRISE TO FORGE STRONG RELATIONSHIPS, INTERNATIONAL CONNECTIONS, SUCCESSFUL INNOVATION, AND THE FUTURE SKILLS NEEDED FOR ECONOMIC PROSPERITY.

Karen Watt
Chief Executive, Scottish Funding Council
Enabling Scotland’s economic system to respond

This table shows how the agencies will collaborate and contribute towards achieving the actions and recommendations set out in the Strategic Board’s Strategic Plan.

In taking these activities forward, we are developing new forms of joint decision-making and ways of working with our partner agencies.

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<td>Establish a campaign to foster entrepreneurship and ambition across society, with particular focus on inclusivity (inc. women, minority ethnic groups, rural considerations etc.).</td>
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<td>Create a main online entry point as part of a wider transformation to a truly digitally-enabled business support service providing rapid, tailored support.</td>
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<td>Boost overseas acquisitions through specialist support for scale up from a new public/private/ SNIB collaboration.</td>
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<td>Co-ordinate a national exporting service – a one Scotland approach to export delivery organisations and services.</td>
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<td>Explore new public/private sector partnerships which will provide support to scale-up, and refresh export support resources.</td>
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<td>Develop digital, sales and international language training programmes for exporters.</td>
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<td>Deliver an ‘Innovating Workplaces’ campaign to create awareness of productivity issues of business models, workplace innovation and Fair Work.</td>
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<td>Utilise data-led approaches to proactively identify and support sectors and firms who can exploit opportunities for growth or to enhance their resilience.</td>
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<td>Co-ordinate a programme of business models and workplace innovation activity that is driven by agency-fluid teams.</td>
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<td>Implement the 5-stage skills alignment model and a one system approach for learners and employers.</td>
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<td>Define the meta-skills for use in future skills provision.</td>
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<td>Review greater scope for working with Business Gateway, specifically the best way to support start-ups.</td>
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<td>Build on existing Brexit readiness work to strengthen Scottish-level response.</td>
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<td>Support Scotland’s businesses response to challenges by leveraging maximum funds from the Industrial Strategy Challenge Fund.</td>
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Enabling Scotland’s economic system to respond

The Board’s Strategic Plan’s actions have new and collective ways of working at their core. These aim to ensure all agencies work together to help companies reach their potential, regardless of where they are in Scotland.

At the heart of this activity is the customer. Businesses have been clear that they find it difficult to access the right support at the right time and that they sometimes feel passed from pillar to post. They report that even when they do engage it can feel confusing and overly bureaucratic – or that they need to try to meet a set of criteria that is not relevant for them or their business.

It’s clear that if we are to truly deliver for all of Scotland’s businesses we need to address this. So, we are working closely with Highlands and Islands Enterprise, Skills Development Scotland, the emerging South of Scotland Enterprise Agency and Business Gateway, to make it more straightforward for customers to access the help, funding and advice we provide. Together we are developing an intuitive and straightforward customer experience for the tens of thousands of businesses and employers who come into contact with us each year.

**In support of the Strategic Board’s Strategic Plan, Scottish Enterprise aims to:**

- Provide an uncluttered support environment with clear eligibility criteria, better cross-agency working and effective signposting and referral processes.
- Simplify access to support by developing common customer experiences supported by common business processes and maximising the use of digital technology.
- Use and share data more effectively to inform and improve service design, enable intelligent targeting of support and resources, and facilitate assessment of impact.
- Support the delivery of flexible and tailored solutions alongside new universal products and services.

**Cross-agency ways of working**

The enterprise and skills agencies are ambitious for Scotland. To achieve our shared vision and outcomes will require our collective efforts and resources. Partnership working has long underpinned our work and values as an organisation, however, we know that to achieve our vision and that of the Strategic Board, new ways of cross-agency working and deeper, more meaningful collaboration will be not just desirable, but necessary.

This approach will see us working with the people who are best placed to achieve our shared outcomes. We are already committed to cross-agency methods of working, including:

- Supporting business adoption of innovative workplace practices.
- Developing a single business portal.
- Scoping the next phase of funding and development of the Innovation Centres.
- Delivering the Prepare for Brexit campaign.

The increased focus on cross-agency collaboration will not detract from our existing reliance on partnership working at national, regional and local levels. We remain fully committed to joining our combined strengths, expertise and resources to achieve the best outcomes for all our customers.
Enabling Scotland’s economic system to respond

Purpose: Create more, better jobs that nurture shared wealth and collective wellbeing

Scottish Enterprise three-year corporate strategy:
Working with partners to create the conditions to build:
1. Vibrant economic communities across Scotland
2. Scotland’s reputation and reach
3. Resilience and growth in Scotland’s businesses, sectors and regions
4. Future economic opportunities that will drive international advantage

Scottish Enterprise one-year operating plan:
Working with partners to drive growth through:
1. Attracting, creating & protecting quality jobs and talent
2. Driving research & innovation investment
3. Stimulating capital investment
4. Giving more businesses across Scotland the best chance to fulfil their potential
5. Growing export value and exporters

Wider collaboration with public, private, academia and third sector to deliver priorities and shape future opportunities
Collaborating more widely to build our future economy

We also need to look beyond our public sector partnerships when it comes to collaboration. There is a huge amount that others can and do contribute. We need bold visions – ideas, innovation and a can-do approach to addressing some of our biggest economic opportunities and challenges.

We want to bring together the brightest and best minds from across Scotland and beyond to build a bright economic future. We will work with others to develop a new approach to create a more resilient and thriving economy, building on our existing work around major economic opportunities and our track record in foresight and futures work.

We will also continue to build our engagement with EU partners, through Scotland House Brussels, Scotland Europa and its members.

By pooling talent from the public, private, voluntary and academic sectors, as well as UK and international partners, we can address some of the biggest issues we face, for example:

Nurturing an entrepreneurial, aspirational society that empowers every citizen with talent, ideas and passion to become tomorrow’s business leaders, so that we can compete with other high-performing nations. In particular, democratising entrepreneurship so that anyone feels able to start their own business regardless of where they grew up or where they were educated.

- We need 70,000 more businesses, 7,000 more exporters and 100 more high growth businesses to match the best UK regions.

- The scale, dynamism and ambition of the business base has limited Scotland’s performance in innovation, investment, exporting and generating quality jobs.

- Scotland’s disadvantaged areas and groups will benefit from higher levels of entrepreneurship.

It is paramount that we create in Scotland the preconditions necessary for a thriving economy in the 21st century.

Benny Higgins
Strategic Advisor, Scottish National Investment Bank

BAE Systems
Driving enterprise in low carbon innovation, recognising the huge benefits that could be realised from Scotland’s rich natural resources while contributing to the country’s world-leading climate change targets and addressing the climate emergency.

- Our low carbon industries have the potential to grow to over £30 billion by 2027 and tap into global growth of over $30 trillion by 2040.

- Climate change is the biggest challenge facing the planet and Scotland can be at the forefront of tackling this global mission.

- We can position Scotland as a force for global development, building on successes such as the hydro nation partnership with Malawi and India.

Focusing on productive, healthy ageing to bring more people in their 50s and 60s into quality jobs and purposeful activity. Opportunities to invest in innovation that allows older people to live a fuller life.

- The proportion of the population aged 65 and over is expected to rise from 19% to 25% by 2041.

- We have one of the lowest employment rates in the UK for people over 65, increasing downward pressure on the working population.

- Matching countries like Sweden would mean 200,000 more people in employment and an extra £8 billion in the economy.

- The challenge will open up opportunities for innovation in products and services in areas such as health, housing and care.

With the advent of the ‘fourth industrial revolution’, building a human future that uses the opportunities and benefits of technology, automation and artificial intelligence to add to our humanity and to create competitive advantage. Growing industry to ensure technology is deployed to enhance human skills in quality jobs, not to replace them.

- Up to 230,000 Scottish jobs could be at risk from automation but our strong expertise in robotics, informatics and data provides potential for new jobs.

- Automation will transform the workplace – while only 5% of roles could be fully automated today – 60% of jobs involve tasks that could be automated.

- Automation can also transform productivity and job quality – if the UK invested at the same level of leading countries, manufacturing productivity could increase by 22%.

- Robot density in the UK (71 robots per 10,000 employees) make it the only G7 country below the global average.

- Create high quality jobs and build international reputation by capitalising on Scotland’s strengths in data analysis and insight.

By inviting others from around the world to work with us to address these issues, we will position Scotland as a pioneer in developing solutions to global issues. We need new, bold and brave approaches to tackle these issues. By working together with others across the globe and by sharing our data expertise and academic IP with the world’s innovators, Scotland has the potential to usher in a new era of open enlightenment; becoming a world-leading international research hub and attracting investment in products that fuel inclusive growth.

The input from our business community will be key here. We need to engage with businesses more effectively to ensure our activity is relevant to them. We want to tap into their experience and know-how, so we can collectively develop the very best solutions to current economic opportunities and challenges.
As a small nation with huge potential, we need to be ready to face the challenges ahead while being in the best position possible to exploit the new opportunities that these changes present.

This means Scottish Enterprise needs to adapt to support this economic change. We need to make the same ask of ourselves as we do of the businesses we support – to be able to respond quickly to challenges, embrace opportunity and makes thing happen. As a result we are undertaking a significant programme of transformation that will equip us to:

- Step up and set a new pace
- Make the most of our talent and experience
- Drive organisational productivity and efficiency
- Stay proactive and build resilience

Fairness, empathy and integrity will be at our core so we can deliver in a way that is both inclusive and long-term. We will embrace change and not be afraid to take calculated risks. And we will celebrate success and learn from our mistakes.

Our programme of change is guided by this Strategic Framework. It sets out our new vision, purpose and values, along with our ambitious three-year Corporate Strategy, and our priorities for the year ahead.

The Framework reshapes who we are and who we are for. It will maintain our focus on our vision: an economically vibrant Scotland making a positive impact on the world. It is focused on driving the changes in our economy that will have a long-term positive impact on the persistent challenges that hold Scotland back.

A competitive, productive economy is essential for success – but distributing that economic success more evenly across Scotland’s communities will make the difference. As a result, creating more quality job opportunities across all of Scotland is our focus for long-term growth.

The challenges in the economy are evolving:

- For the first time, most households living in poverty have at least one person in work. 65% of children in poverty live in a working household.
- 1 in 5 people working in Scotland earn less than the real living wage. A third of part-time workers are low paid and over half of young people (18-24) earn below the living wage.
- Scotland’s gender pay gap is falling but women working full-time in the private sector still earn on average 17% less than men.
- The rise of new business models and automation are impacting on the certainty and security of jobs.

Challenges also vary across Scotland:

- Less than 70% of working age adults are in employment in Glasgow, while in Aberdeenshire the proportion is over 80%.
- 15% of workers earn less than the living wage in Edinburgh, while 30% do in Dumfries & Galloway.
Transforming
Scottish Enterprise

We will work to support the creation of more ‘quality jobs’ across all of Scotland.

The Fair Work Convention’s Framework, describes fair work as:

Work that offers all individuals an effective voice, opportunity, security, fulfilment and respect; that balances the rights and responsibilities of employers and workers and that can generate benefits for individuals, organisations and society.

While individuals might differ in what they want from a job, there are important objective characteristics of a quality job that businesses and policy makers can support, deliver and benefit from.

We define a quality job as being one where workers ‘have a say’ and can influence and change practices. It relates to how people can access jobs and progress once they are in one. It’s about the employment conditions they experience, the work they do and how they are treated.

In creating the right conditions that will support more quality jobs, our Strategic Framework aims to develop:

► Business dynamism – growing more scale-up businesses and more entrepreneurial talent, skills and ideas

► Inward investment – driving up Scotland’s reputation so people want to come here to live, work, study and invest, creating and taking up higher value job opportunities

► Resilience and support – building an approach that facilitates growth and ambition

► Longer-term thinking that fuels inclusivity – building capability in our economic communities that will address barriers and opportunities.
A cornerstone of our transformation is enterprise architecture and technology, where we are laying the foundations to deliver exemplar experiences for our customers and become a data driven organisation.

We are not doing this alone. Fundamental to the Enterprise Architecture and Technology Strategy is the co-creation of customer experiences, services and capabilities with the businesses we serve and the public and private sector partners we work with.

Guiding our work is enterprise architecture design principles that set the standards, policies and future ways of working and bring a system view of how business processes, data, applications and technology work together to deliver customer centric services.
A key part of the changes we are making is our digital transformation. The continuous development of digital services – designed hand-in-hand with users – will transform the experience we offer our customers and ensure they get what they need now and in the future. And the way we handle and use data will drive improved decisions, better services and future innovation.

**CUSTOMER EXPERIENCES AND SERVICES**

**CO-CREATION**

**EARLY ENGAGEMENT**

**CONTINUOUS ENGAGEMENT**

**DEFINE & MAINTAIN THE FUTURE CUSTOMER EXPERIENCE STRATEGY**

- Improve the business services, advice & funding online channels
- Improve the trade investment and network online channels
- Use Scottish Government digital 1st standards
- Roll out service design & assurance audits
- Introduce the new shared entry point online channel
- Introduce the new network collaboration services
- Introduce the new funding & support digital services
- Introduce the new myaccount digital services
- Improve digital assistance capabilities
- Improve the business services, advice & funding online channels
- Improve the trade investment and network online channels
- Use Scottish Government digital 1st standards
- Roll out service design & assurance audits
- Introduce the new shared entry point online channel
- Introduce the new network collaboration services
- Introduce the new funding & support digital services
- Introduce the new myaccount digital services
- Improve digital assistance capabilities
Usable, accessible data that enables insights and informs decisions is critical.

The key priority is obtaining accurate, quality and timely data, that is secure and trusted to make evidence based decisions.

Best results are achieved when the entire organisation takes responsibility for the quality of the data, underpinned by standards, protocols and governance.

**ACCURATE DATA**

**QUALITY & TIMELY DATA**

**EVIDENCE BASED DECISIONS**
Our future plans
Economic development is as wide and varied as it is complex. The time is right for our new approach to how we support the thousands of companies across Scotland and seek out new international opportunities. In response to the shared vision and ambition outlined and to ensure that we focus on and deliver what Scotland needs of us today and in the future, we have distilled our Strategic Framework into three parts:

1. OUR VISION, PURPOSE AND VALUES

2. OUR THREE-YEAR CORPORATE STRATEGY

3. OUR 2019/20 OPERATING PLAN

Our delivery of the Strategic Framework will be underpinned by strengthened collaboration and partnership: locally, regionally, nationally and internationally. Economic partnerships are vital to achieving our ambitions and fundamental to maximising our regional opportunities. We will continue to actively contribute in a wide range of partnerships and collaborations. These range from community planning and growth deal planning to national partnerships with Highlands and Islands Enterprise and the new South of Scotland Enterprise Agency – delivering stronger outcomes for Scotland.
Our vision, purpose and values

1 OUR VISION, PURPOSE AND VALUES

We have spent some time considering what the Scottish economy needs from Scottish Enterprise. Our environment is changing so rapidly around us that we must think about how we best serve the enterprise community in Scotland. We need to follow through these words with actions; not only will we change what we do, but we will also have to embrace a new way of doing things where bravery and collaboration go hand in hand.

As with any change, it starts from within, which is why we looked to our own staff to help shape our new vision, purpose and values. Together these bring greater clarity to who we are, greater focus on the job we are here to do, and greater transparency on how we will carry out our work to support the economy, communities and people of Scotland.

What we wanted to capture in our vision and purpose are our ambitions for the economy and for Scotland, and to crystallise what we do and why. We do many things in Scottish Enterprise, and we need to clearly articulate what all of our work amounts to. Quality jobs are a proxy for the health of the economy and help deliver greater inclusivity and wellbeing. A focus on jobs also acts as a useful reminder of what the legislation that set up Scottish Enterprise says about our role: ‘furthering the development of Scotland’s economy and in that connection providing, maintaining and safeguarding employment’.
Our vision, purpose and values

**OUR VISION**

An economically vibrant Scotland making a positive impact on the world.

**OUR PURPOSE**

Create more, better jobs that nurture shared wealth and collective wellbeing.

**OUR VALUES**

**Be Brave**

We will be fearless and ambitious in our decision-making, delivering for our economy and our communities. We will celebrate together when we succeed and learn together when we fail.

**Be The Difference**

We will proudly stand shoulder to shoulder with others to unlock our collective potential and to make a real impact.

**Be Fair**

We will act with the highest standards of integrity and empathy, and champion diversity and sustainability.

**Be Our Best**

We will expect the highest standards of ourselves and offer excellence when working with others.
To achieve a lasting, positive impact on Scotland’s economy there are major shifts we need to make to address long-term challenges and prepare for future opportunities – building a foundation for steady, long lasting growth for all. Our evidence and insights into other successful small economies points to where we must invest to make that difference:

**AMBITION ONE:**
Build vibrant economic communities across Scotland, spreading increased wealth and wellbeing.

**Why?**
Because, by tapping into the contribution of our people and places, we’ll help ensure their economic growth and prosperity across Scotland.

**Currently:**
- 35% of the working-age population live in local authority areas with below Scottish average employment rates. If employment rates in these areas matched the Scottish average, over 50,000 more people would be in work.
- Building globally competitive assets across all regions, enhances Scotland’s reputation, reach and proposition as a place to live, work, study and invest.
- There are opportunities to help communities and regions to build and develop new and existing assets, and to develop better links to similar assets in other areas.

**AMBITION TWO:**
Build Scotland’s reputation and reach in strategically important markets.

**Why?**
Because, we want more people, businesses and organisations to benefit from Scotland being a welcoming, outward-looking, connected nation.

**Currently:**
- The awareness of Scotland as a location for trade and investment falls well behind our international competitors.
- We need to refresh the propositions we use to encourage people and businesses from across the globe to trade and invest with us.
- Although we’re ranked 16th out of 50 countries for international reputation we are associated with less modern attributes that are less attractive to investors and talent.
- Our export base is relatively narrow in terms of the number of companies and sectors who trade overseas. We can achieve much more if we extend our reach into other new and existing markets.

**WE WILL WORK IN PARTNERSHIP WITH OUR STAKEHOLDERS AND COMMUNITIES TO ENSURE OUR RESOURCES ARE PROPERLY TARGETED TO WHERE THEY CAN MAKE THE MOST DIFFERENCE.**

*Allan McQuade*
Business Infrastructure, Scottish Enterprise
Our three-year Corporate Strategy

AMBITION THREE: Build resilience and growth in Scotland’s businesses, sectors and regions.

Why?
We will only be able to secure sustained success if we build foresight and adaptability into our work, to help manage threats and exploit opportunities.

Currently:
- The structure of our ‘traditional’ workforce is changing – by 2041 the number of people in traditional working age groups (16-64) is forecast to decline (by 147,000) and the number aged 65+ is expected to increase by 413,000). Businesses will need to adapt to be able to access the right talent.

- Scotland’s business base is becoming less resilient – corporate insolvencies are almost 10% higher over the last year.

- Sectors and businesses need to be fit for the future. The scale, dynamism and ambition of the business base has limited Scotland’s performance in innovation, investment, exporting and generating quality jobs.

- Scotland has a smaller business base relative to population than most other UK regions – we would have 70,000 more registered businesses if we matched the UK Q1 rate.

- A lower proportion (1.2%) of Scottish businesses achieve high growth than other UK regions.

AMBITION FOUR: Build future economic opportunities that will drive our international advantage.

Why?
We will only be able to optimise Scotland’s economic performance if we make the most of all of our assets, including people and natural resources, where Scotland has a competitive edge.

Currently:
- The world’s population is getting older and will offer opportunities to develop new products and services for healthy, productive ageing in global markets.

- The types of job opportunities are changing - automation will transform the workplace. While only 5% of current roles could be fully automated, we know that 60% of jobs involve tasks that could be automated in the future.

- Automation will, however, create new types of quality jobs and help businesses become more competitive and productive.

- Scotland’s natural assets, world class research and skills can drive the development of new, low carbon technologies and services for global markets.

Our three-year Corporate Strategy sets out our intent, showing how in working with our public sector partners, universities, private sector and others, we will invest in the foundations that will allow our economy to grow. This will provide opportunities for more people to benefit from and contribute to that growth – creating more quality jobs – and will help build a brighter future for the next generation.
Our three-year Corporate Strategy

AMBITION ONE

BUILD VIBRANT ECONOMIC COMMUNITIES ACROSS SCOTLAND, SPREADING INCREASED WEALTH AND WELLBEING.

What we will focus on:
Working with partners to invest in infrastructure, assets and companies as a means of creating good jobs with value in thriving places where people want to live and work.

What we will see:
- A more dynamic, ambitious and diverse entrepreneurial community across Scotland.
- New uses for existing assets e.g. Michelin.
- Leveraging existing assets to the benefit of the wider community e.g. Bioquarter.
- New globally competitive assets e.g. Advanced Manufacturing Innovation District.
- Regional development partnerships that deliver better economic outcomes for all of Scotland’s communities.
- Regional prospectuses that attract the right kind of investment (jobs and capital) and support long-term regional growth.
- A strong pipeline of businesses accessing investment tools that facilitate patient capital to reflect the long-term nature of our vision and mission.

SCOTTISH ENTERPRISE’S PROACTIVE APPROACH AND WILLINGNESS TO WORK WITH LOCAL AND INTERNATIONAL PARTNERS WILL ULTIMATELY HELP CREATE REAL AND WELL PAID JOBS FOR OUR COMMUNITIES.

Cllr John Alexander
Leader, Dundee City Council
Our three-year Corporate Strategy

AMBITION TWO

BUILD SCOTLAND’S REPUTATION AND REACH IN STRATEGICALLY IMPORTANT MARKETS.

What we will focus on:
Bringing together assets, networks, campaigns and product initiatives in targeted geographical areas that leverage the Brand Scotland platform and our global networks.

What we will see:
► ‘Open enlightenment’ proposition that invites leading global innovators to access Scotland’s data expertise and work with us to develop and test ideas.
► Targeted ‘Scotland is Now’ campaigns that are fully integrated with proposition, product and deployment of assets.
► Digital and physical networks that empower Scots and those that love Scotland across the world to drive advocacy and generate leads and introductions.
► Strategic relationships that secure or drive investment that bring quality jobs to Scotland.
► Increased value of Scottish exports and number of Scottish exporters.
► New forms of investment to and from Scotland with a focus on capital and innovation.
► Increased focus on talent attraction by promoting Scotland as a place to live, study and work.

CONNECTING TO MORE MARKETS & INVESTMENT OPPORTUNITIES

WE KNOW THAT OUR INTERNATIONAL NETWORKS HAVE THE ABILITY TO SUPPORT ENTREPRENEURIAL ACTIVITY AND AMBITION. WE WILL LOOK TO MAKE BETTER USE OF THIS CRITICAL SOFT POWER TO HELP DELIVER A MORE DYNAMIC AND GLOBALLY COMPETITIVE ENVIRONMENT IN SCOTLAND, SUPPORTING INCLUSIVE, ECONOMIC GROWTH.

Julie Morrison
Global Networks, Scottish Enterprise
Our three-year Corporate Strategy

AMBITION THREE

BUILD RESILIENCE AND GROWTH IN SCOTLAND’S BUSINESSES, SECTORS AND REGIONS.

What we will focus on:
Treating the root causes of business distress and leveraging data, insight and good judgement to forensically target the right growth opportunities.

What we will see:
► A common delivery system centred on business needs, as part of the Business Support Partnership Programme.
► A national centre of excellence for grant management – tapping into artificial intelligence and technology development to transform customer experience.
► New delivery partnerships across Scotland’s regions to better harness and align public and private sector support to businesses and connect them with the right investment opportunities.
► An overhaul of our relationship management approach – building new capacity and increasing flexibility to mobilise more opportunities and build ambition and resilience.
► Dedicated resources and new partnership delivery models to manage economic transitions and shocks proactively.

PROACTIVE INTERVENTION TO ADDRESS CHALLENGES, RAISE AMBITIONS & REALISE OPPORTUNITIES

TAking a more flexible and proactive approach to support customers means we can mobilise and respond faster in future, delivering increased resilience across Scotland’s businesses, sectors and regions.

Anke Heggie
Business Services & Advice, Scottish Enterprise
Our three-year Corporate Strategy

AMBITION FOUR

BUILD FUTURE ECONOMIC OPPORTUNITIES THAT WILL DRIVE OUR INTERNATIONAL ADVANTAGE.

What we will focus on:
Securing long-term, patient investment into enterprise ‘missions’ that will address long-term barriers to growth.

What we will see:

► A partnership with Scottish National Investment Bank (SNIB) that unites the economic development community around core enterprise missions, crowds in investment and makes it as easy as possible for ambitious companies to access the finance they need to grow.

► The bringing together of talent, skills and investment across public and private sector partners, including academia.

► A Team Scotland approach to identifying opportunities in the UK Industrial Strategy and the co-ordination of strong collaborative projects that secure this funding.

► Leveraging long term patient capital to create globally competitive products and companies and address vital long term societal challenges.

► The use of insights and intelligence that identify opportunities for global partnership and investment.

WITH OUR PARTNERS, WE HAVE ACCESS TO A CONSIDERABLE AMOUNT OF DATA AND INTELLIGENCE. WE WILL USE THIS INSIGHT MORE EFFECTIVELY TO IDENTIFY THE BEST FUTURE OPPORTUNITIES FOR SCOTLAND, AND TO MAKE EVIDENCE-BASED INVESTMENT DECISIONS.

Kenny Richmond
Insights and Economics, Scottish Enterprise
We will track progress against the three-year Corporate Strategy by reporting the contribution we make to Scotland’s National Performance Framework and the Strategic Board’s performance framework.

Scotland’s National Performance Framework (NPF) is for all of Scotland and its purpose and aims are to:

- Create a more successful country
- Give opportunities to all people living in Scotland
- Increase the wellbeing of people living in Scotland
- Create sustainable and inclusive growth
- Reduce inequalities

To help achieve its purpose, the NPF sets out a number of National Outcomes that describe the kind of Scotland it aims to create. Scotland’s progress against these outcomes is measured through a set of National Indicators that include a range of economic, social and environmental indicators.

The Enterprise and Skills Strategic Board is developing a performance framework to assess Scotland’s progress towards achieving higher levels of productivity, equality, wellbeing, and sustainability. The Board’s framework will develop shared agency outcomes and use relevant National Indicators from the NPF. We will work with the Scottish Government’s Analytical Unit to assess Scottish Enterprise’s contribution to these.

**Example NPF indicators:**

- Economic growth
- Productivity
- Economic participation
- Employees on the living wage
- International exporting
- Innovative businesses
- High growth businesses
- Entrepreneurial activity
- Spend on research and development
- Carbon footprint
- Skills under-utilisation
- Contractually secure work

**A DETERMINATION TO HELP MORE SCOTTISH COMPANIES TO INCREASE THEIR INTERNATIONAL TRADE WILL SUPPORT THESE FIRMS IN CREATING MORE, BETTER PAID JOBS ACROSS THE LENGTH AND BREADTH OF SCOTLAND.**

*Mark Hallan*
European, Middle East and Africa markets, Scottish Development International
Scottish Enterprise’s three-year Corporate Strategy confirms our long-term ambitions to help drive a more sustainable, inclusive economy, focused on the wellbeing of all. We must also focus on the short to medium-term actions that need to be taken now if we are to build the dynamism, capacity and capability in the economy that will move us along the path to achieving our overall goals.

Throughout 2019/20 we will continue to move towards a new way of working which strongly reflects our new vision, purpose and values. Working with our partner agencies, we will deliver for the whole economy – creating more, quality jobs that will support communities and families across Scotland.

The Operating Plan details our operational areas of focus under five key objectives that together will help deliver the longer-term ambitions in the three-year Corporate Strategy:

- **Objective One**: attract, create and protect quality jobs and talent that will support wellbeing across Scotland.
- **Objective Two**: drive research and innovation investment in businesses and sectors.
- **Objective Three**: stimulate capital investment in local, regional and national economies.
- **Objective Four**: give more businesses across Scotland the best chance to fulfil their potential.
- **Objective Five**: grow export value and the number of exporters.

Heriot Watt
These objectives signal a change in how we operate. They reflect how we will balance our refreshed purpose against our existing commitments. As a result, we have expanded our measurement framework and operational area of focus.

We will continue to measure our success in attracting jobs through inward investment. However, we have expanded this measure to include the creation and protection of indigenous jobs across communities with a clear focus on ‘quality’.

Driving research and innovation remains a priority area. As well as raising company ambitions around R&D and innovation, there will be a focus on building international partnerships and infrastructure to sustain increased levels of R&D over the medium and longer term.

Capital investment is a significant challenge for Scotland. We must go further, with partners, to stimulate demand in our business base and develop more place opportunities and propositions. This will help attract the right kind of investment in communities which can fully maximise assets to create value and quality jobs.

In these uncertain times, we must focus more on building a successful, resilient business base. This must be equipped to respond positively to the challenges and opportunities of the global economy, creating a solid foundation for growth.

Growing exports remains a priority. We will develop fresh approaches aimed at increasing trade in key markets, while building Scotland’s reputation and networks overseas.

We will consider wellbeing and fairer economic opportunity in everything we do. We will look at how we can better deliver activity across our objectives so that more of Scotland’s people can benefit from economic success. We will be brave in the decisions we make, prioritising activity that best delivers against our vision and purpose and that will help us achieve our stated outcomes.

Supporting the shift in emphasis, our Operating Plan includes:

- Making job-related grants contingent on fair work practices and considering whether to apply this more widely across all grants and services.
- Deploying face-to-face expertise more flexibly across Scotland, brokering connections to raise ambition, realise growth opportunities and mitigate economic risks and shocks.
- Focusing investment (including international investment) on future economic opportunities and communities where place-making can make a significant difference.
- Stimulating entrepreneurship and business creation in Scotland through a more cohesive systems approach.
- Evolving the ‘Can Do Innovation’ campaign encouraging more companies to invest in innovation and developing more opportunities to attract R&D investment.
OBJECTIVE 1

ATTRACTION, CREATE AND PROTECT QUALITY JOBS AND TALENT THAT WILL SUPPORT WELLBEING ACROSS SCOTLAND.

Why this is important:
- 470,000 employees (19%) earn below the real living wage.
- Scotland has a highly educated population (4th in the OECD). However, 225,000 employees underutilise their skills.
- 35% of the working age population live in local authority areas with below Scottish average employment rates.

Why this is important:
- 470,000 employees (19%) earn below the real living wage.
- Scotland has a highly educated population (4th in the OECD). However, 225,000 employees underutilise their skills.
- 35% of the working age population live in local authority areas with below Scottish average employment rates.

What will be different:
- A focus on Fair Work First, linking support to the creation of better quality jobs considering pay, workplace environment, skills utilisation, and job security.
- Creating more job opportunities for those more challenged communities and for more diverse groups of individuals.

What will we do:
- Broaden pipeline of long-term inward investment jobs (new and existing investors) across regions in Scotland.
- Target investments to drive sustainable growth for all that fuels future economic opportunities.
- Further grow the jobs pipeline by working with scaling companies to unlock and accelerate their growth potential.
- Stimulate entrepreneurship and business creation in Scotland through a more cohesive systems approach.
- Work with more businesses to develop fairer and more progressive workplace practices that will boost productivity.
- Work alongside our partner agencies to meet the current and future skills needs of businesses.

This will include:
- Evolving Global Scots to a more comprehensive network proposition.
- Building propositions and developing campaigns to foster ambition and entrepreneurship across Scotland, uniting organisations across the community.
- Implementing Fair Work First – job related grants contingent on fair work practices and consider wider application across all grants and services.
- Developing support and advice for businesses to support fair work practices, including employing disadvantaged groups.
- Increasing awareness and support for employee ownership (EO) as an inclusive business model and supporting new industry leadership group ‘Scotland for EO’.
- Delivering a Rural Economic Action Plan and provide mentoring support for young people in rural communities.

SOCIAL ENTERPRISES MAKE A SIGNIFICANT FINANCIAL AND SOCIAL CONTRIBUTION TO OUR ECONOMY. AS THE NUMBERS CONTINUE TO GROW ACROSS SCOTLAND, THIS BUSINESS MODEL DEMONSTRATES RESILIENCE IN THE FACE OF CONTINUING CHALLENGES FOR OUR ECONOMY, PUBLIC SERVICES AND COMMUNITIES.

Darah Zahran
Social Economy, Scottish Enterprise
OBJECTIVE 2

DRIVE RESEARCH AND INNOVATION INVESTMENT IN BUSINESSES AND SECTORS.

Activities within this objective will support the following Strategic Board missions:

► Business creation and growth
► Business models, work place innovation
► Exporting

Why this is important:

► Scotland’s overall and business R&D investment rates lag most other countries (OECD Q3).
► Business R&D investment is growing, but is highly concentrated – 50% by 10 companies.
► Less than half of Scottish businesses (with 10+ employees) invest in innovation.

What we will focus on:

Matching capabilities, assets and supply chains to opportunities that drive national benefits.

What will be different:

► Combined strategic thinking and insight across partners to target opportunities.
► Products and services that raise ambitions and drive R&D and innovation to create quality jobs in businesses and sector assets.
► Targeted and tailored proposition and prospectus building to attract innovation investment.

What we will do:

► Continue to support businesses to stimulate demand and investment in R&D and connect them to a richer mix of financial vehicles.
► Connect more businesses to our R&D assets (including Innovation Centres and our universities) to increase their skills and innovation capabilities.
► Attract R&D investment to Scotland.
► Invest in new capability and assets to capitalise on supply chain opportunities and target communities that are underperforming.

This will include:

► Evolving the ‘Can Do Innovation’ campaign encouraging more companies to invest in innovation and developing more opportunities to attract R&D investment.
► Delivering company support for the innovating workplaces programme via a cross-agency campaign and team.
► Developing projects and national assets such as National Manufacturing Institute for Scotland, Medicines Manufacturing Innovation Centre.
OBJECTIVE 3

STIMULATE CAPITAL INVESTMENT IN LOCAL, REGIONAL AND NATIONAL ECONOMIES.

Why this is important:

- Business capital investment rate lags nearly all OECD countries (OECD Q4).
- Scotland’s capital stock level is below many other countries (OECD Q3).
- Weak capital investment/low capital stock is impacting on dynamism, productivity, wages and the creation of quality jobs.

What will be different:

- Embedding long-term growth for all in investment decisions.
- Making investment work for people and places – targeting under-invested communities.
- A more joined-up partnership approach to developing and selling investment opportunities.
- Fully exploiting existing assets to create value and quality jobs as well as building new assets.
- More focus on the attraction of international capital.

What we will do:

- Focus investment (including international) on future economic opportunities and communities where place-making can make a significant difference.
- Build national and regional prospectuses that attract inclusive and sustainable investment from the UK and overseas.
- Leverage investment tools that increase conditions for patient capital.
- Stimulate demand by more businesses to invest in capital for growth.
- Support the effective development and implementation of city and growth deals.

This will include:

- Partnering with the Scottish Government’s new Infrastructure Commission to help identify key strategic infrastructure investment.
- Working with the Scottish Government to promote support for strategically important sectors such as Cyber Security and Resilience, FinTech and Energy.
- Developing the Economic Asset Management Register.

Activities within this objective will support the following Strategic Board missions:

- Business creation and growth

What we will focus on:

Stimulating the right kind of demand through compelling local, regional and national investment prospectus.

WE WILL USE OUR TALENTED PEOPLE, DATA ANALYTICS AND INSIGHTS, PARTNER NETWORKS AND COLLABORATIONS IN INNOVATIVE WAYS TO PROACTIVELY SUPPORT COMPANIES AND SECTORS

Jan Robertson
Scottish Investment Bank, Scottish Enterprise
2019/20 Operating Plan

OBJECTIVE 4
GIVE MORE BUSINESSES ACROSS SCOTLAND THE BEST CHANCE TO FULFIL THEIR POTENTIAL.

Why this is important:
- Lower proportion (1.2%) of Scottish businesses achieve high growth than other UK regions.
- Just 17% of Scottish SMEs sought external finance in 2017, and 13% had a need but did not apply for it (14,000 discouraged borrowers).
- Low demand for external funding reflects low levels of capital and R&D/innovation investment and exporting.

What will be different:
- A more holistic business support system, where access to insight, information, advice and funding is easy and joined up.
- Face-to-face expertise will be deployed more flexibly across Scotland, brokering connections to raise ambition, realise growth opportunities and mitigate economic risks and shocks.
- A new model for business grants will be delivered in 19/20, offering transparency, consistency and speed in eligibility and decision-making.
- A dedicated resource and partnership delivery model to manage economic transitions and closures.
- A stronger focus on stimulating demand for growth funding through the Scottish Investment Bank (SIB) initially and then through the Scottish National Investment Bank (SNIB) once it is established.

What we will focus on:
- Stimulating demand for and encouraging investment in more businesses and ideas that leverage competitiveness and our international comparative advantages.

What we will do:
- Encourage more businesses to raise external funding to invest in future growth plans and opportunities.
- Broden access to growth funds and support products across Scotland through digitally-enabled delivery models.
- Connect businesses to new opportunities and facilitate funding solutions to help them realise them.
- Raise the ambition and international outlook of more businesses, strengthening the pipeline of scaling companies.
- Stimulate and link companies’ investment and growth plans to regional assets and opportunities to stimulate strong geographic clusters.
- Maximise the opportunities presented by the establishment of SNIB to build a strong ecosystem of investment support and advice across Scotland.

This will include:
- Managing the transition and supporting the establishment of SNIB.
- Supporting investment for the Building Scotland Fund and Scottish Growth Scheme.
- Creating a dedicated specialist support focus on key steps in the scale up and expansion process to increase the number of overseas acquisitions.
- Supporting sectors and firms that can exploit opportunities, or need to enhance their resilience.
- Ramping up ‘Prepare for Brexit’ support.
OBJECTIVE 5

GROW EXPORT VALUE AND THE NUMBER OF EXPORTERS.

Why this is important:
- Whilst the value of Scottish exports continues to grow as a % of GDP, they have remained static and are below the levels of our competitors.
- Fewer than 6% of Scottish businesses sell overseas but many more have the potential to export.
- Companies that export tend to be more innovative, productive and competitive and create more, better jobs.

What will be different:
- A stronger focus on those companies and markets that offer the greatest opportunity.
- Better utilisation of our global trade specialists, networks and partners.
- A new approach to leveraging all of Scotland’s resources and assets around global events to stimulate increased trade.
- Enhanced collaboration with partners in Scotland to build awareness and ambition of exporting for all companies in all parts of Scotland.

What we will do:
- Deliver expert advice about markets, sectors and how to trade, by providing insight and intelligence, investment and connections at home and in priority markets across the globe.
- Co-ordinate and deliver, with partners, a global calendar of international market events.
- Continue to develop and deliver digital trade services as an effective mechanism for reaching more companies.
- Develop and harness international networks to enhance the ambition and reach of companies.

This will include:
- Supporting the Scottish Government’s new export plan ‘A Trading Nation’.
- Increasing our resources in priority markets.
- Expanding and increasing the contribution of our international networks (including GlobalScot) in priority markets.
- Delivering more intensive support for those exporters with the greatest potential and a peer to peer mentoring programme.
- Ramping up ‘Prepare for Brexit’ support.

What we will focus on:
Working more intensively with those companies, networks and markets that offer the greatest potential to grow exports from Scotland.

Activities within this objective will support the following Strategic Board missions:
- Business creation and growth
- Exporting

EXPORTING CAN BE A DAUNTING PROSPECT FOR SMEs WITH PRODUCTS OR SERVICES THAT HAVE GLOBAL APPEAL. HOWEVER, WITH THE RANGE OF SUPPORT PROVIDED BY SCOTTISH ENTERPRISE, THEY CAN ENTER NEW MARKETS WITH INFORMED CONFIDENCE.

Laura Birrell
Founder, Sticky Heelz
We will measure our performance of the one-year Operating Plan by reporting progress on a number of primary outcomes as set out below:

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned new/safeguarded jobs paying at least the real living wage</td>
<td>8,000</td>
<td>10,500</td>
</tr>
<tr>
<td>Planned R&amp;D investment by businesses and sectors</td>
<td>£300m</td>
<td>£350m</td>
</tr>
<tr>
<td>Planned capital expenditure by businesses and sectors</td>
<td>£150m</td>
<td>£200m</td>
</tr>
<tr>
<td>Growth funding raised by businesses</td>
<td>£160m</td>
<td>£255m</td>
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<tr>
<td>Planned international export sales</td>
<td>£1.25bn</td>
<td>£1.50bn</td>
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</table>

Behind these primary outcomes is a fuller performance framework which we will use to track and monitor not only what we deliver, but how we deliver. Analysis and insights from the performance framework allows us to better understand what works, and what has the greatest impact on Scotland’s economy. We will also use the framework to monitor how inclusive our actions are by tracking a number of indicators aimed at giving us more insight into how far our activities reach in terms of people and place.

The indicators in our performance framework align to both Scotland’s National Performance Framework and the Strategic Board’s performance framework, allowing the enterprise & skills agencies to demonstrate Scotland’s progress towards achieving higher levels of productivity, equality, wellbeing, and sustainability.

And we will continue to work closely with our partner agencies, and Highlands & Islands Enterprise in particular, to further align our measurement approaches. For example developing common measures on how to more effectively monitor and evaluate inclusive growth.
2019/20 Financial Summary

### PLANNED INCOME

<table>
<thead>
<tr>
<th></th>
<th></th>
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### PLANNED INVESTMENT

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<th>2019/20</th>
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<td><strong>Quality Jobs &amp; Talent</strong></td>
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### Export Growth

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<tr>
<td>Export Support</td>
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<td>International Networking and Marketing</td>
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<td><strong>Export Growth Total</strong></td>
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### Service Development & Transformation

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<th>2019/20</th>
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</thead>
<tbody>
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### Running the Business

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<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
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<tr>
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### TOTAL CASH INVESTMENT

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<tr>
<th>Description</th>
<th>2019/20</th>
<th>2019/20</th>
<th>2019/20</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL CASH INVESTMENT</strong></td>
<td>342.2</td>
<td>342.2</td>
<td>342.2</td>
</tr>
</tbody>
</table>

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

Up to £20m of funding is available for the Energy Investment Fund (EIF) but final expenditure will be dependent on the progress of low carbon projects during the financial year.