



Scotland's National Strategy
for Economic Transformation

SUMMARY

March 2022



Delivering Economic Prosperity



Scottish Government
Riaghaltas na h-Alba
gov.scot

The Opener by the Cabinet Secretary for Finance and the Economy



Scotland has extraordinary economic potential. Our natural resources, heritage, talent, creativity, academic institutions and business base in both established and emerging sectors are the envy of many across the world.

This strategy recognises the opportunities and the challenges facing Scotland. It sets out how, over the next ten years, we aim to deliver economic growth that significantly outperforms the last decade, so that the Scottish economy is more prosperous, more productive and more internationally competitive.

We will do this through focused interventions, working in collaboration with businesses and other partners, building on our strengths in sectors like energy, financial services and life-sciences and carving out new strengths in technology, space and decarbonisation.

In the next decade, we face a choice to either lead or to lag behind other successful economies all whilst we recover from Covid, deliver net zero, tackle structural inequalities and grow our economy. We choose to lead.

This strategy is about delivering the best economic performance possible for Scotland within the current constitutional constraints. It takes decisive steps towards the creation of a wellbeing economy, and drives a green

economic recovery to meet our climate targets while ensuring we maximise the benefits as part of a just transition,

Our approach has been informed by the Advisory Council for Economic Transformation and wide ranging engagement with businesses, unions and other stakeholders.

Throughout the development of this strategy, one message has been particularly clear. As a country we will be judged on the outcomes we deliver, not the strategy we write. Words and intentions matter, but only actions deliver change. The task of transforming our economy requires an equally radical transformation in the way we deliver results. Government will provide clear and decisive leadership, but it can't and shouldn't do everything. Ours must be a country in which the public, private and third sectors respect each other's strengths, draw on each other's talents and work together to create and sustain an economy that works for all.

A handwritten signature in black ink, appearing to read 'Kate Forbes', written in a cursive style.

Kate Forbes MSP
Cabinet Secretary for
Finance and the Economy

The Vision

Our vision for Scotland in 2032 is a wellbeing economy: thriving across economic, social and environmental dimensions, one that delivers economic prosperity for all Scotland's people and places.

When we achieve the vision, Scotland will be recognised at home and throughout the world as:

an international benchmark for how an economy can de-carbonise



the best place to start and grow a business or social enterprise



a magnet for inward investment



a great place to live and work with high living standards



a nation where people and businesses can continually upgrade their skills



a leader in research and development



a country where economic power and opportunity is distributed fairly



an outward looking nation exerting a meaningful influence



The Statement of Intent from Government

At a time of unprecedented change, our commitment as a Government is to provide clear and decisive leadership to pursue economic growth and prosperity, ensuring that Scotland has the infrastructure, resources, skills and talent to respond quickly and seize the opportunities before us.

Government can't and shouldn't do everything. That is why we will work together with our all our partners in our endeavour to transform the economy.

This strategy represents a signal to private sector investors at home and abroad that Scotland is a country where Government and the business community are aligned in their thinking and where the policy landscape offers an attractive degree of certainty.

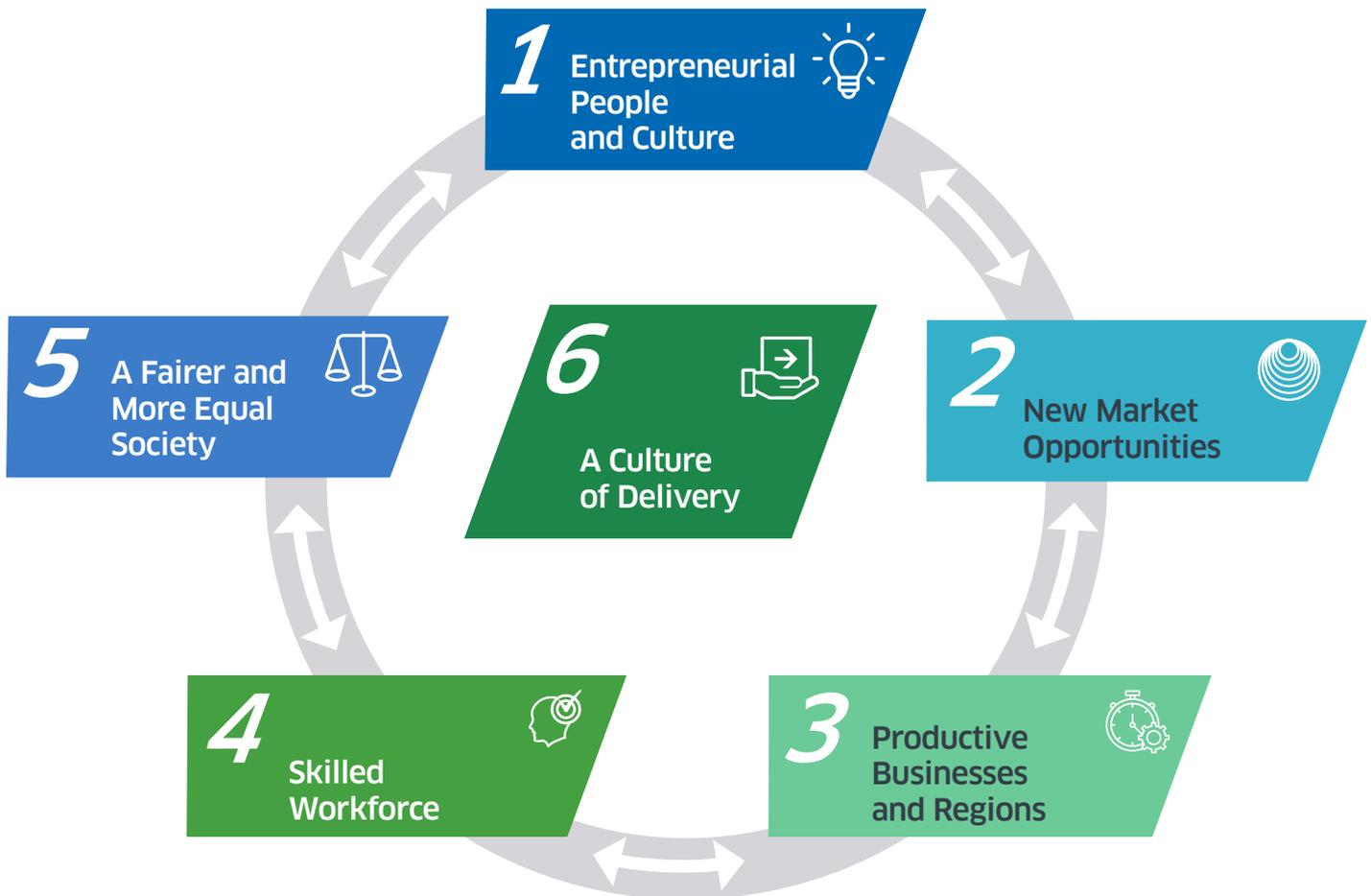
We pledge to listen and respond to calls that are made on government, but in return we ask business to join us in relentlessly pursuing the strategy's ambition for a fairer, wealthier and greener country. Together we can achieve our vision.



The Action

This strategy is intentionally focused on a small number of priorities; it does not seek to do everything. It focuses on the programmes with the greatest potential to shift the economic dial and marks a shift in our approach to delivery. New initiatives identified in this strategy do not mean that we are abandoning actions or initiatives that have proven to work. We will “double down” on the things that are shown to work.

We have identified five key bold policy programmes of action that will drive improvements in Scotland’s economy. They have been carefully chosen, based on the evidence,¹ and are interconnected, mutually reinforcing and should not be seen in isolation. A sixth programme of action focuses on delivery and accountability, including detailed delivery plans.



¹ The detailed analysis of the Scottish economy underpinning this strategy can be found at <https://www.gov.scot/isbn/9781804351475>

The Specifics

We need the public sector, business and our partners to work with us to deliver the projects and actions in our new strategy. We want to work in partnership with you to deliver the ambitious projects we have set out.

The strategy contains 6 programmes, 18 projects and 77 actions. This section highlights some of the actions we will take. The full details can be read at <https://www.gov.scot/isbn/9781802016703>



Entrepreneurial People and Culture

Entrepreneurs and an entrepreneurial mindset are vital at a time of change. It is people who make the difference. We will create a culture in which entrepreneurship is encouraged, supported and celebrated, and where Scotland is recognised as one of the best countries in the world to start and to grow a business.

Through our four new projects we will:

- embed first rate entrepreneurial learning across the education and skills systems;
- create a world class entrepreneurial infrastructure of institutions and programmes providing a high intensity pathway for high growth companies;
- attract and retain the very best entrepreneurial talent from at home and abroad; and
- build an entrepreneurial mindset in every sector of our economy.

Key actions we will implement:

Promote project-based entrepreneurial learning in school and post-16 education.

Embed entrepreneurship in the Young Person's Guarantee to cultivate the business leaders of tomorrow.

Expand the scope of the current tech-scaler programme to become 'start-up scalers' – world-class incubation and developmental environments for all high growth start-ups.

Create a national system of 'pre-scaler hubs' to help new businesses with high growth prospects access world class support and advice.

Provide access to support programmes from amongst the most under-represented groups, particularly women, those on low incomes and those without qualifications at further or higher education.

Appoint a Chief Entrepreneurship Officer in the Scottish Government to work in partnership with industry and investors to drive forward our ambitions on entrepreneurship.

Attract international entrepreneurs to Scotland by rolling out an international marketing and engagement platform for Scotland's start up scene.

Attract entrepreneurial students from around the world by supporting Scotland's universities to provide post education pathways.

Expand the application of entrepreneurial thinking and approaches to public service reform.

Launch a new National Challenge Competition for Economic Transformation.



New Market Opportunities

Rapid global decarbonisation will represent a profound change, far outwith the control of any government or sector. The transition to net zero is not just an environmental imperative but an economic opportunity – one where Scotland will become world leading and secure first-mover advantage.

Through our three new projects we will:

- build on Scotland's strengths to win an ever greater share of domestic and international market opportunities;
- support the development of Scottish supply chains, laying the foundations of a net zero industrial strategy; and
- attract and deploy significant domestic and international private investment in Scotland.

Key actions we will implement:

Promote Scotland as an innovative test bed for new technologies and markets.

Provide capital investment to support renewable hydrogen production to make Scotland a leading nation in the production of reliable, competitive and sustainable hydrogen.

Deliver on the ambitions of ScotWind and future renewable energy developments.

Expand our Supply Chain Development Programme to improve the capacity, capability and development of Scottish supply chain.

Adopt a cluster building approach to strengthen our position in new markets.

Establish an investor panel, chaired by the First Minister, to attract investment to a pipeline of projects in Scotland that support our transition to net zero.

Establish a values-led, high integrity market for responsible private investment in natural capital.



Productive Businesses and Regions

We must deliver a step-change in our productivity performance and address regional inequalities in economic activity as well as boosting traditional and digital infrastructure.

Through our three new projects we will:

- improve connectivity infrastructure and digital adoption across the economy;
- upskill business and public sector leaders, pioneering new approaches to driving productivity improvements; and
- realise the potential of the different economic and community assets and strengths of Scotland's regions.

Key actions we will implement:

Establish a digital productivity fund focused on supporting business to improve firm-level productivity.

Design and implement programmes on the practical actions business and leaders can take to boost productivity.

Appoint productivity ambassadors to promote understanding of driving productivity improvements.

Launch the Centre for Workplace Transformation to support experimentation in ways of working post-pandemic.

Reinforce our commitment to regional collaboration through our Regional Policy Review.

Introduce Community Wealth Building legislation.



Skilled Workforce

A skilled population is fundamental to business productivity and economic prosperity. We will focus our activity on the transition to net zero, the digital revolution, and lifelong training making sure employers have the supply of skills they need.

Through our three new projects we will:

- adapt the education and skills system to make it more agile and responsive to our economic needs and ambitions;
- support and incentivise people, and their employers, to invest in skills and training throughout their working lives; and
- expand Scotland's available talent pool, at all skills levels, to give employers the skills pipeline they need to take advantage of opportunities.

Key actions we will implement:

Develop proposals for a national digital academy focused around the provision of SCQF level 6 qualifications.

Implement the next phase of the Green Jobs Work force Academy and launch a new skills guarantee for workers in carbon intensive industries.

Implement a lifetime upskilling and retraining offer that is more straightforward for people and business to access and benefit from.

Target more skills investment and support to working age people in poverty.

Develop a new Skills Pact to underpin our commitment to strong partnership working with both employers and unions.

Implement a focused Talent Attraction programme to attract key skills and talent from the rest of the UK.



A Fairer and More Equal Society

Significantly reducing poverty boosts our economy, but achieving it requires better wages and fair work. We will ensure that work provides a sustainable standard of living and a genuine route out of poverty.

Through our two new projects we will:

- tackle poverty through fairer pay and conditions; and
- eradicate structural barriers to participating in the labour market.

Key actions we will implement:

Apply fair work conditionality to grants, requiring payment of real living wage, and channels for effective workers' voice.

Deliver sectoral fair work agreements in areas of low pay, in partnership with industry and trades unions, that deliver payment of the real living wage, better security of work, and wider fair work first standards.

Support parents to increase their incomes from employment as part of cross-government action to deliver upon the ambitious targets set through the child poverty (Scotland) act 2017.

Simplify the employability system by implementing No One Left Behind.

Take further steps to remove barriers to employment and career advancement for disabled people, women, those with care experience and people from minority ethnic groups.

Build on the principles of the Young Person's Guarantee, developing an all age guarantee of support for those most disadvantaged in the labour market.

Establish a Centre of Expertise in Equality and Human Rights within Scottish Government.



A Culture of Delivery

Success demands a culture of delivery and accountability in which objectives are shared and responsibilities are clearly allocated and accepted across the public, private and third sector.

Through our three new projects we will:

- strengthen accountability and transparency;
- transform the way support is delivered to people and businesses across Scotland; and
- measure success.

Key actions we will implement:

Restructure existing boards to create a National Strategy for Economic Transformation Board co-chaired by the Cabinet Secretary for Finance and Economy and a figure from the private sector, to include worker representatives.

Introduce a common accountability framework with delivery partners with senior named leaders both inside and outside the Scottish Government.

Provide multi-year budgets through Resource Spending Reviews.

Establish a programme to radically transform the way in which the public sector in Scotland provides support for workers and businesses.

Publish an annual progress report to enhance public accountability.

Publish a wellbeing economy monitor, to build on Scotland's leading work on integrating wellbeing into its measurements and policy development.

Ensure a consistent approach to evaluation to drive continuous improvement and greater understanding of the return on investment.

The Conclusion



We all want Scotland to be successful.

Success means a strong economy where good, secure and well-paid jobs and growing businesses have driven a significant reduction in poverty and, in particular, child poverty.

We will be a nation of entrepreneurs and innovators, with resilient supply chains and competitive advantages in the new industries generated by technological change, scientific advance and the climate emergency.

And our society will be one in which everyone can participate in economic success, in every community and every region.

Transforming Scotland's economy is a national endeavour and government, the enterprise and skills agencies, business, trade unions, third sector, social enterprises and the people of Scotland all have a part to play. We can only succeed and achieve our goals if we pull together as one - a Team Scotland approach.

We want businesses to be exemplars, recognising and acting on their responsibilities to fair work and net zero. Taking action that protects and sustains our environment and natural world. Building a new mindset where all businesses see employees, communities and citizens as stakeholders as well as consumers. And where businesses are rooted in their communities.

As Government, we will do what we can with the powers we have to support business to achieve that. We ask you to do the same and invite you to work with us to build a stronger economy for Scotland.

So if you want to play a part, bring some ideas to the table, explore how we can do things differently to deliver faster and better, please contact NSET@gov.scot setting out what you are interested in speaking to us about and we will be in touch to discuss opportunities further with you.



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This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at
The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-80435-149-9

Published by The Scottish Government, March 2022

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS1029919 (03/22)

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