Making Scotland's Future:

A Recovery Plan
For Manufacturing
Consultation Summary
– March 2021

Background to the consultation

This summary report presents the findings to a consultation on – "Making Scotland's Future: A Recovery Plan For Manufacturing".

The document proposes a series of actions for public agencies, industry and academia to take forward as a partnership by the end of 2021. Its publication followed the report of the Advisory Group on Economic Recovery, which recommended that bespoke sector recovery plans are put in place.

Setting out a vision to secure a strong and sustainable future for the manufacturing sector, the Plan focuses on four inter-dependent priority areas: Collaboration and networks; Supply chains and competitiveness; Adaptation and transformation; and Skills and workforce.

The partnership worked at pace to develop a suite of actions focused on identifying opportunities for both recovery and growth, and complement the range of business support measures that have already been made available to help deliver long-term sustainability for the Scottish manufacturing sector. Work has begun on the immediate actions. Concurrently, the partnership sought rapid input from industry and other stakeholders on a list of proposed actions with an aim to refine the plans for delivery and to seek out ways to enhance outcomes.

Making Scotland's Future: A Recovery Plan For Manufacturing was published for consultation on 4th December 2020. Following a request from sector stakeholders, the consultation period was extended by four weeks to accommodate the time needed by businesses to manage the impacts of the EU Exit. As a result, the consultation closed on 12th February 2021. The draft Plan is available at: https://www.gov.scot/publications/making-scotlands-future-recovery-plan-manufacturing-draft-consultation

Next steps

The Scottish Government and the Recovery Plan Partnership would like to thank everyone who has participated in this consultation. The responses received have varied significantly in depth and provide a wide range of opportunities for consideration on enhancing our actions.

As a result of this, and our decision to extend the consultation period, the publication of an updated Recovery Plan is now scheduled for May 2021 following the Scottish Parliamentary Elections. As an interim response, the Partnership has agreed to provide this summary report. This is a factual representation of the consultation feedback and does not represent a formal commitment of action at this stage.

The Partnership is keen to ensure a thorough review of all feedback is completed and due deference is being taken of all suggestions received. The review process continues at pace in tandem with delivering progress on our immediate actions, whilst taking into consideration the feedback from the consultation responses.

SUMMARY OF CONSULTATION

Profile of respondents

Over the 10 week period of the consultation, a total of 53 responses were received. The majority of responses (43) were submitted through the Scottish Government's Citizen Space consultation hub. The remaining were submitted via email. Where consent has been given to publish the response, they will be made available at the same time as the publication of a final Plan, scheduled for May 2021.

Organisational respondents were allocated to one of eight categories. A breakdown of the number of responses received by respondent type is set out in Table 1 below.

Table 1: All respondents by type

Type of respondent	Number
Organisations:	
Manufacturing companies	10
Innovation organisations and academia	8
Business / Skills support organisations	6
Public and third sector organisations	5
Trade organisations	4
Local authorities	4
Service providers	3
Trade union	1
Organisations	**41**
Individuals	**12**
All respondents	**53**

Quantitative results

Respondents participating through the Citizen Space consultation hub were asked to score the 13 proposed actions outlined in the draft Plan by importance (1 being low and 5 being highest priority). While pleased with the scale of the consultation response, we are conscious it is still a very small subset of those linked to manufacturing in Scotland. This should be noted when reviewing related quantitative analysis of the results. A list of all 13 proposed actions has been provided at Annex 2.

Table 2: Respondents by type (Citizen Space submissions only)

Type of respondent	Number
Organisations:	
Innovation organisations and academia	8
Manufacturing companies	7
Public and third sector organisations	5
Business / Skills support organisations	3
Service providers	3
Trade organisations	3
Local authorities	2
Trade union	nil
Organisations	**31**
Individuals	**12**
Total respondents via Citizen Space	**43**

Across all 43 respondents, all 13 proposed actions were received favourably on average and considered to be of importance/priority. Two actions jointly scored the highest priority (CN5 and AT4) which emphasises the importance of promoting collaboration between companies and the alignment of support to enable companies to pilot and implement capital modernisation solutions respectively. It should also be noted that, from the perspective of a trade organisation, which represents the views of multiple businesses within their membership, both of these actions were scored the highest priorities along with SWF6 which proposes the development of a Skills Partnership Programme.

Although still received favourably, CN3, which puts forward the development of a manufacturing start-up accelerator facility, holds the lowest overall average score across all proposed actions. Trade organisations, Public and Third Sector were the only respondent types to score this as being low priority.

When considering each Priority Theme with proposed actions individually, the following is evidenced.

For Collaboration and networks, of the five proposed actions, CN4 which puts forward the establishment of a programme of activity to increase the use of external funding by Scottish manufacturing scored the highest priority with no respondent choosing to score this low (1).

For Adaptation and transformation, of the three proposed actions, AT5, which puts forward a plan to build on the expertise gained through Scottish clusters to support new supply chains and collaborative environmental and digital transformations, can be considered the highest priority and achieved the most 5s across all 13 proposed actions equally with SWF7.

SWF7, which proposed the establishment of fast-track employment models to address emerging skill shortages and jobs growth, also scored the highest of all five proposed actions within the Skills and workforce theme.

The next sections of this report provide a summary of key findings identified within each priority theme.

1 Collaboration and networks

We are encouraged by the support for all of the proposed actions in this theme. Our analysis of prioritisation scoring shows all of the proposed actions outlined were welcomed by respondents (based on average scoring) and there was particularly strong support for actions CN4, on increasing the use of external funding by Scottish manufacturing, and CN5, on promoting collaboration between companies around sharing resources, costs and risks.

Consultation feedback

The Recovery Plan Partnership are greatly encouraged by the depth and detail of responses on this Priority work stream. Many responses embraced the intent behind the actions and included strong suggestions on how to evolve, bolster or improve their delivery. A summary of some of the key themes of the comments received is below.

Signpost and Simplify – The extent of the existing support infrastructure was welcomed. Comments included a desire to avoid duplication of effort. The Recovery Plan partners need to integrate with, and utilise, existing mechanisms but maximise their impact through making access to support as simple as possible.

Ease of Collaboration – There was a wide range of offers to support the efforts of Recovery Plan partners and others in the sector. This was expressed generally but also through more specific ideas around maximising the visibility of opportunities, working jointly on contracts, encouraging diversity including through international engagement and sharing best practice. There was a consistent desire expressed to ensure strong partnerships between academia, the further education sector and industry are maintained and evolved.

Wider Landscape – Respondents consistently noted the need to position support in a way that drives innovation and nurtures the growth of emerging sectors. This is particularly the case in the context of net zero ambitions and a number of respondents noted the links needed to energy and transport sector programmes. The need to link to and dovetail with existing initiatives and support centres was often raised including continuing to build Scottish representation in UK schemes. Some also expressed a desire to see regulatory provisions designed to drive the manufacturing base.

Investment – Ambitions to maximise investment were welcomed. These included a desire to see alignment with the Scottish National Investment Bank's objectives and to utilise the strengths and knowledge of Scotland's investment community to support the creation of new support measures if required and maximise inward investment prospects. All of this is geared to supporting manufacturers in Scotland, especially SMEs, to realise emerging opportunities as described above and share risk.

Facilities and Infrastructure – Many respondents were keen to emphasise the significant range of support services available or planned in different parts of Scotland. The need to ensure Scotland's infrastructure was as ready as possible to take advantage of emerging markets was also raised, with a desire to drive more effective use of existing infrastructure and buildings.

2 Supply chains and competitiveness

The actions set out in the Recovery Plan under Supply chains and competitiveness are being progressed and were endorsed in feedback received. Within this, a small number of respondents provided specific commentary on wider supply chain support options. We welcome these and a brief summary of the key elements of that input is set out below.

Competitiveness - Some respondents noted that action will be needed to increase the supply chain competitiveness and capability in Scotland, with a view to strengthening conditions for investment. There is a general openness to work collaboratively on measures that would respond to investors' needs. Comments included a need to ensure the system of support was tuned to future requirements. Additionally, policies need to be carefully assessed, ensuring minimal impact on the competitive capability of Scottish businesses.

Sectoral Opportunities – A number of sectors are now emerging for which Scotland could be well placed to take a leading role and ensure significant supply chains develop to support them. Some of those suggested by respondents included:

- Offshore wind including floating offshore wind
- Concrete sub-structure technology to take advantage of Scotland's established concrete supply chain and its skills
- Green bus manufacturing and low emission vehicles
- Oil and gas decommissioning

Support initiatives enabling the scaling-up of innovative practices, new systems and cross sector approaches are required.

Reshoring – Many responses highlighted the importance of developing Scotland's domestic supply chains by enhancing Scottish manufacturing capacity and capability. Localised supply chains, within the current landscape of the pandemic and the challenges of the EU exit, have proven to bring a certain level of resilience that is vital to sector recovery. The need for circular supply chains through remanufacturing or reuse of products and materials was repeatedly mentioned.

Technology – Comments included the need to support businesses to enhance their supply chain mapping capabilities through the use of technology. Better forecasting, planning and connectivity across supply chains can create efficiencies and increase productivity. Additionally, there can be environmental benefit to the use of technology as a way to identify emissions or other environmental impacts. These should be promoted as an incentive to create more domestic supply chains.

3 Adaptation and transformation

Support for the actions outlined in this theme is evident. Prioritisation scoring analysis indicates efforts directed at enabling companies to implement capital modernisation (AT4) and to build on and develop new clusters (AT5) are strongly supported. Support for action AT3 on cyber security essentials was not as effusive but remained positive and, with recent surveys indicating very low levels of cyber essentials accreditation, we remain keen to consider options to ensure greater resilience as digital adoption escalates.

Consultation feedback

Once again there was considerable depth and detail in consultation responses requiring further consideration. Many responses embraced the intent behind the actions and included strong commentary on the potential impact of each and how to achieve the best results. Key discussion points are set out below.

Digital Adoption and Connectivity - Respondents were generally keen to see increased investment in digital transformation and to stimulate digital adoption, though some requested more clarity on the basis for the proposed actions. The use of related case studies was suggested. Continued investment in digital infrastructure and broadband provision, especially in rural areas, was highlighted as key for Scottish business growth and to accommodate better digital connectivity. The scope to make more effective use of digital connectivity and e-commerce platforms was also mentioned as an opportunity to support business recovery.

Funding – A number of respondents were keen to build on the approaches set out with the scope to design support mechanisms in a way that continues to educate as many businesses as possible on the benefits of investment in digital technologies, potentially providing financial support for implementation. Pragmatism to ensure SME take up is needed. Recent oversubscription of digital funding was noted as important context for planning future support. There were also suggestions that public sector support be designed to prioritise those active in net zero planning and circular economy transition and thus incentivise it, possibly through supporting asset monitoring and maintenance and increasing lifespan.

Cyber Security – Although respondents were supportive of the need for greater resilience training in areas such as cyber security, there was some concern from a number of correspondents about Action AT3 and associated costs of cyber essentials accreditation perhaps being significant or prohibitive for SMEs. The potential for public funding support was noted. Respondents are keen that this be encouraged and enabled with training, with related options that minimise any additional cost burden to businesses considered.

Clustering – Respondents were very supportive of clustering suggestions with many keen to participate in such initiatives, whilst noting outcomes may take some time. The importance of academia involvement was highlighted, particularly to help effective or innovative activity tied to net zero initiatives. A number of respondents noted they were involved in clustering activity through this type of action or promotion, indicating the strong and varied base of activity within Scotland, and noting the scope to support further efforts within and across sectors. Recent efforts to respond to the PPE needs of the NHS during the pandemic provided a model for replication. The scope to make best use of digital connectivity, which has accelerated during the pandemic, should also be considered in the clustering context.

4 Skills and workforce

Again there is broad support for the actions identified. Prioritisation scoring analysis indicates action to provide innovative and agile skills interventions to enable employers to respond to the emerging needs of new technologies and workplace practices (SFW5) and to develop a skills partnership programme (SFW6) were the most popular on average.

Consultation feedback

There was considerable depth and detail in consultation responses, once again, requiring further consideration. Awareness of, and coordination with, existing initiatives was a frequent theme as was reacting to demand. Comments provided have bolstered work already underway to fast track training to meet shortages, plan in partnership and respond to the pandemic's impact on graduate employment.

Skills Supply and Demand - There was a consistent call from respondents for the continued alignment of skills supply with areas of demand and planning for emerging pressures. Additionally, comments also highlighted the importance of maintaining regular dialogue between industry and suppliers to ensure the currency of course provision and understanding of real time skills gaps. Some respondents called for greater support for apprenticeships whilst others emphasised the need for collaboration at scale to reflect the growing importance of upskilling and reskilling to tackle the emerging needs of new technologies. Focusing on the specific needs of supply chain company employees was also recommended in a way that might match companies with employees who have transferable skills.

Graduates and Apprenticeships – Related to the above comments, respondents were keen that alignment of apprenticeship pathways and business needs were explored further. Some suggested tying access to other government schemes to a commitment to young people workforce development. Specifically considering the needs of SMEs and those from disadvantaged backgrounds was emphasised by some as crucial in the pandemic context. Learning from past successes and best practice was also noted.

Skills Net Zero – The links to the Climate Emergency Skills Action Plan were highlighted by significant numbers of respondents with a desire to continue expanding these connections more broadly to related initiatives elsewhere. Targeted training and curriculum inclusion were cited as options to raise awareness of just transition, sustainability, and supporting transition via products, production methods and the end user. Behavioural and leadership training was also noted in this context.

Regional Alignment/Clustering – Allowing for the varying economic needs of Scottish regions was consistently referenced by respondents. Tying in seamlessly with existing efforts was noted as key with a desire to manage out overlap. The relationship to this skills provision and efforts at cluster building was stressed by some with a keenness to see associated coordinated planning. A desire for this collaborative effort to be as broad as possible was emphasised.

Fair Work and Inclusivity – Some respondents suggested using public support and procurement opportunities as a driver for Fair Work. Additionally, a more explicit emphasis should be given to equality and diversity issues within the sector and more tangible outcomes should be targeted to find opportunities to support these underlying challenges. The Recovery Plan should also continue to drive the importance of STEM.

Annex 1: Publicly funded support for manufacturers in Scotland

Publicly funded support for manufacturers in Scotland

Where can I go to find public sector support for my business?

Find Business Support

This service was established to help Scottish businesses find the public sector support they need from funding, advice and training to research information. Information is available for businesses of all sizes – from those thinking about starting a business to large, well established companies.

https://findbusinesssupport.gov.scot

What are the Scottish economic development agencies and what can they do for me?

Scottish Enterprise, Highlands and Islands Enterprise, and South of Scotland Enterprise

These are the three economic development agencies established to grow the Scottish economy by supporting investment, innovation, job creation and trade whilst driving fair work and excellence across all of Scotland's regions.

To find out what help is offered by these agencies, have a look above at **'Find Business Support'** or visit:

https://www.scottish-enterprise.com   **https://www.hie.co.uk**
https://www.southofscotlandenterprise.com

Where can I go to find skills support for myself and my business?

Skills Development Scotland (SDS)

SDS can help employers invest in skills, develop new talent using Fair Work practices, and get the right products to grow their business. To find out what help is offered by SDS, have a look at **'Find Business Support'** or visit:

https://www.ourskillsforce.co.uk/develop-your-workforce

Scottish Enterprise's Scottish Manufacturing Advisory Service (SMAS)

SMAS supports businesses across manufacturing supply chains to improve productivity, competitiveness and resilience. Through a team of experienced practitioners, SMAS delivers impartial and tailored support on; efficiency savings, identification of Industry 4.0 solutions, strengthened supply chains, investment options at the right time and place, and coaching and mentoring to leadership teams to strengthen the culture of the business.

https://www.scottish-enterprise.com/support-for-businesses/develop-products-and-services/support-for-manufacturers

Where can I find help to make my business more efficient in processes and technology?

National Manufacturing Institute Scotland (NMIS), Scotland's Innovation Centres, and Advanced Manufacturing Challenge Fund (AMCF) projects

NMIS can provide access to industry-leading expertise and resources that help de-risk innovation and solve real-world manufacturing and engineering challenges for companies regardless of size, sector or location. NMIS can also provide opportunities for businesses to connect to an international network of specialists and potential supply chain partners and collaborators.

Scotland's Innovation Centres can help increase the pace of innovation, and work with businesses to help them take their projects to the next level. Four of these Innovation Centres can support manufacturing businesses through providing expertise in sensing, data, biotechnology and construction.

SME manufacturers can also access free services to advance their capabilities under the AMCF projects delivering across Scotland. To find out more about each of these, visit:

Where can I go for support for my innovation projects as well as opportunities in digital?

https://www.nmis.scot   **https://censis.org.uk**
https://www.thedatalab.com   **https://www.ibioic.com**
https://www.cs-ic.org   **https://www.innovationcentres.scot**
https://www.scottish-enterprise.com/amcf

Where can I go to find out about UK funding opportunities?

Knowledge Transfer Network (KTN)

Those looking for experienced input into an idea, product, service, research or challenge, can invite KTN to get involved. KTN can help with understanding markets and challenges whilst also providing information on the latest and most relevant funding opportunities. KTN connects ideas, people and communities to respond to challenges and drive positive change through innovation.

https://ktn-uk.org

Where can I go to find support and business opportunities for my low carbon energy business?

Michelin Scotland Innovation Parc (MSIP)

The MSIP project will reinvent the Michelin site in Dundee to support innovation and manufacture in Sustainable Mobility, Decarbonisation and Low Carbon Energy through a mixture of manufacturing, innovative SMEs and supporting facilities. MSIP will work in creative partnerships with research institutions and through the attraction of innovative companies and skilled people.

https://www.msipdundee.com

Where can I go to find out more about 5G and how this can help me and my business?

The Scotland 5G Centre

The Scotland 5G Centre can help businesses reap the benefits of 5G and provide information about how better connectivity can support the way we work, learn and connect. Participate in events, meet researchers, and find potential project and consortium partners through the community established by the Centre.

https://scotland5gcentre.org

Making Scotland's Future: A Recovery Plan For Manufacturing

Scottish Government
gov.scot

Annex 2:

Immediate Actions

- Develop a manufacturing 'network of networks' to pool and coordinate the resources of the variety of public and private networks already in operation. As well as improving impact and alignment during a time of rapid change, it will help to raise awareness of Scottish manufacturing and help with the development of new relationships between the Scottish manufacturing community and other UK and international stakeholders. [Action Code CN1]

- Deliver an engagement programme for manufacturing companies to maximise opportunities to increase Scottish content, helping businesses boost resilience and access new or existing supply chains in priority sectors. [Action Code SCC1]

- Increase the economic impact of public sector procurement, by combining our knowledge and understanding of the market to identify and help equip new and existing Scottish supply chains to anticipate and respond to public sector demand. [Action Code SCC2]

- Support inward investors to help identify opportunities for Scottish manufacturers created by new and emerging supply chains to bring more business to Scotland. [Action Code SCC3]

- Deliver webinars and provide remote support tools on business improvement, technology adoption and upskilling to ensure manufacturers stay competitive now and in the future. [Action Code SCC4]

- Promote a supply chain excellence programme of recognised best practice models to develop a culture of performance and innovation across Scottish manufacturing businesses. [Action Code SCC5]

- Roll-out a digital adoption campaign to communicate the benefits of digital transformation and offer real-life examples of companies that have successfully adapted processes. Case studies and evidence from existing digital adoption/development loans and grants should be used to help businesses see the potential benefits of integration. [Action Code AT1]

- Use the Low Carbon Manufacturing Challenge Fund, Scottish Industrial Energy Transformation Fund, Green Jobs Fund and relevant UK funds to drive collaborative development across supply chains of new manufacturing processes and technologies which support the transition to a circular, net zero economy. [Action Code AT2]

- Encourage employers to utilise the range of available incentives to retain, adopt and recruit apprentices, to mitigate the current disruption, maintain a robust future skills pipeline and promote progressive Fair Work practices across the manufacturing sector. [Action Code SWF1]

- Adapt existing and develop new learning models to address the hiatus in traditional recruitment channels e.g. Apprenticeship Pathways and Host Employer Models. [Action Code SWF2]

- Work with partners to develop a strategic support programme for sectors adversely impacted by the pandemic, to support displaced workers and to maximise and enhance their existing skillsets for jobs in growth sectors. [Action Code SWF3]

- Work collaboratively within the 'One Scotland Team' to inform the skills priorities for the Climate Emergency Skills Action Plan (CESAP). [Action Code SWF4]

Proposed Actions

- Build a programme of activity designed to stimulate demand for investment in manufacturing small and medium-sized enterprises (SMEs) through the development of stronger business cases. This will involve a Manufacturing Investment Forum for bringing the manufacturing and investment communities together. It will also involve the more widespread promotion of tools and resources available to help SMEs win external funding. [Action Code CN2]

- Develop a manufacturing start up accelerator facility in Scotland drawing on international best practice and linking with Scotland's wider entrepreneurial system. This will cater for the fact that manufacturing companies can have significant early stage capital investment requirements. [Action Code CN3]

- Build a programme of activity to increase the use of external funding by Scottish manufacturing, including City and Growth Deals, UK Sector Deals, UK Industrial Strategy funds and other competitions. This will involve shaping and raising awareness of new opportunities at the UK level, increasing participation from industry in Scotland and influencing the success of bids. [Action Code CN4]

- Promote collaboration between companies around sharing resources, costs and risks, including bidding jointly for contracts, sharing facilities and equipment, and joint approaches to exporting and marketing. This will involve the consideration of cooperative business models. [Action Code CN5]

- Build a programme of international collaborations, leading to increased levels of manufacturing-related research funding and international trade and investment. [Action Code CN6]

- Any Scottish company looking for public sector assistance for digital transformation should be accredited to a minimum standard of Cyber Essentials (as outlined in Scottish Government **guidance**) to protect themselves against common online security threats by no later than 31 March 2022. [Action Code AT3]

- Align support mechanisms such as the Digital Development Loan, that enable companies to pilot and then implement capital modernisation solutions such as automation and robotics. [Action Code AT4]

- Build on expertise gained through existing Scottish clusters, such as the Scottish manufacture of PPE, and develop new clusters. The focus should be on building and onshoring new supply chains and encouraging clusters to undertake collaborative environmental and digital transformations. [Action Code AT5]

- Through NMIS and the Manufacturing Skills Academy provide innovative and agile skills interventions to enable employers to respond to the emerging needs of new technologies and workplace practices, supporting businesses and creating higher skills provision for individuals. [Action Code SWF5]

- Develop a skills partnership programme to support regional and cluster development, to promote collaborative models of workforce and leadership, and to develop and foster agile communities of practice to support Fair Work and deliver future skills requirements. [Action Code SWF6]

- Establish fast-track employment models to address emerging skill shortages and jobs growth. [Action Code SWF7]

- Initiate actions to mitigate the debilitating impact of graduate unemployment, creating meaningful work experience, education, training and employment opportunities across the manufacturing sector to optimise graduate talent. [Action Code SWF8]

- In partnership, develop learning experiences to promote and enhance commercial awareness, foster enterprising behaviours and encourage progressive leadership practice within our manufacturing sector. [Action Code SWF9]