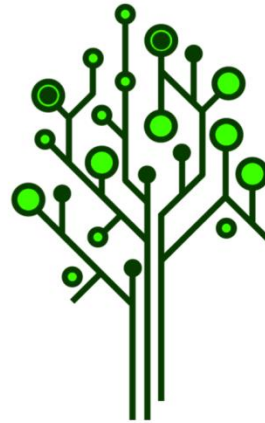
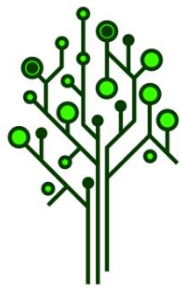


Scotland's Economic Action Plan

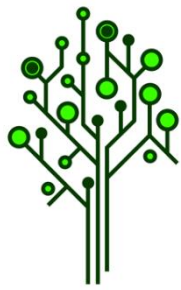


**Supporting Business;
Accelerating Growth**



Ministerial Foreword

- Setting out rationale behind action plan - have listened, engaged and responding to businesses, through the publication of this action plan. Addressing barriers and identifying opportunities to benefit all of Scotland, in both urban and rural areas.
- Plan for next 3 years
- Accountability
- At the highest level, we are creating the conditions for growth through:
 - reforming our system of enterprise and skills support through the business-led Enterprise and Skills Strategic Board, ensuring that we maximise the return for our £2.4bn p.a. spend in this area
 - Delivering a highly competitive and fairer tax system, including the most competitive business rates package of reliefs in the UK
 - Boosting inwards migration through creating one of the most attractive societies to live, work and study in.
 - Driving up adoption of Digital across public and private sector
 - Supporting Scottish business and research organisations to access UK funds such as the industrial strategy grand challenges
 - Becoming global leaders on transition to a low carbon, circular economy
 - Reducing inequality so that all of our talent can flourish regardless of gender, geographical location etc
 - Driving down regional inequalities by supporting regional economic partnerships across Scotland.



Over the next 3 years, we want Scotland to:

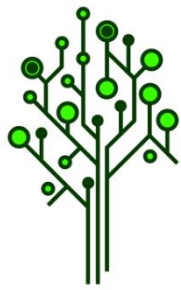
We want Scotland to see a sustained increase in both economic growth and quality of life, and to become a global leader in the technological and social innovations of the future.

The actions in this 3 year plan will create the conditions for this to happen and provide the partnership, investment and support for Scotland's institutions, businesses and people to deliver a step change in our economy.

The economic environment is currently highly uncertain. This plan will be enhanced and adapted as economic conditions develop.

The Action plan will therefore:

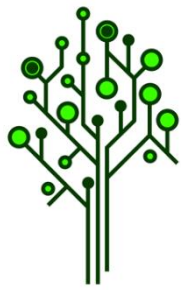
- Address our biggest challenges and realise emerging economic opportunities:
 - supporting growth sectors
 - keeping pace with digitisation and harnessing it to improve outcomes
 - being at the forefront of global opportunities - transitioning to a low carbon economy, responding to ageing population / demographic pressure
 - reducing inequality
 - Demonstrate democratic renewal/community empowerment – how we will take decisions as close to the people that are affected by them (importance of economic partnerships)
- Demonstrate our commitment to lead the technological and social innovations of the future by driving up investment and innovation in these areas and export our solutions to the rest of the world
- Ensure all of our talent can flourish and contribute to our economic potential through a skilled workforce to meet the needs of business now and in the future
- Create the opportunities for growth in every region of Scotland, urban and rural



Creating the conditions for success

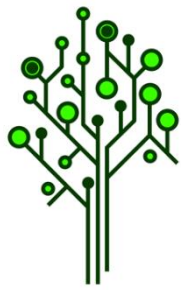
There is a unique opportunity now, as we transition to a low waste, cleaner and smarter economy and tackle the challenges of an ageing population, to establish Scotland as a leader in the technological and social innovation that delivers economic success for our businesses, whilst improving quality of life for all.

- Over the past decade, the Scottish Government has invested in progressive social policy like free childcare and free university education funded through increasingly progressive taxation. We now see a closing productivity gap, high levels of employment and the most highly educated workforce in Europe. This approach has underpinned a better, more sustainable and inclusive economy and Scotland is now globally renowned for these achievements. Over the decades to come, these policies will continue to break down barriers and unleash the skills and talent of everyone in Scotland to flourish, regardless of background. We will continue to do more to reinforce this.
- Now, as the unprecedented pace of technological change is transforming what is possible in all of our industries and occupations, and indeed, creating new ones. Many industries are and will continue to undergo major disruption, including: services, finance, food and drink, transport and distribution, energy and health.
- Some of this disruption presents a real opportunity for Scotland. We see particular opportunities to help some of our most ambitious entrepreneurs innovate to solve problems that have burgeoning domestic and global markets and can help reduce inequality. Such as: financial technology and open banking democratising finance; better access to improved and individualised services like healthcare and education; smarter and cleaner transport services; reduced administration in all sectors; and; increasingly connected businesses in all sectors export solutions to the rest of the world.



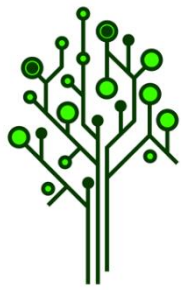
Delivering together

- Delivering this plan will require strong and resilient partnership across government, business, academia and elsewhere. We will hold our delivery bodies and agencies accountable for delivering the commitments in this plan and in measuring progress to achieve our ambitions.
- As we support our businesses to thrive and grow, we will also help and encourage them embrace workplace innovation and deliver fairer working conditions in Scotland. As Brexit approaches, we will work with industry and employer bodies to protect, as far as possible, our businesses and communities from the impacts of Brexit.
- Where possible, we will adopt a consensual approach to the economy, not just with businesses and unions, but across political parties too – ensuring that all voices are heard and that there is broad commitment to our ambitions.
- We will take an evidence based approach to policy development and draw on new ideas from experts – including Parliament, the Sustainable Growth Commission, the Enterprise and Skills Strategic Board and engagement with stakeholders



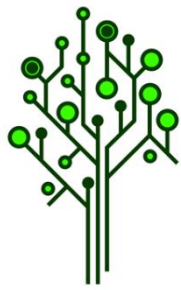
Our approach to the economy

- This action plan is about delivering our ambitions on the economy, by supporting our businesses and sectors, to accelerate our growth.
- We are also mindful of the pattern of growth, and in ensuring that the benefits of growth provide opportunity and prosperity for all of Scotland's citizens.
- We recognise that a 'one-size fits all' approach to growth can have unintended consequences. Supporting businesses and growth across all of Scotland, requires us to tailor our actions to address specific conditions in our sectors, regions and rural economy.
- We will commit to taking a place based approach in order to understand how our actions impact across different regions, sectors and businesses. Our approach will recognise the local impact/lived experience, particularly in rural, and we will seek to ensure that we address these adequately to maximise impact and create opportunities for all.
- Our plan for growth is future-proofed through a focus on a digitally-enabled, low carbon economy. It also highlights how we can make the most of economic opportunities from our natural assets through tourism, innovation in the circular economy and clean energy.



Identifying strategic opportunities

- Set within the context of global social and economic trends, and how they might impact Scotland
- Scotland - a prosperous, advanced nation - faces the challenges and opportunities from a position of strength: e.g. LM stats (stressing female, youth relative to UK); highly qualified workforce; more world class universities per head etc; key sectors and emerging industrial opportunities.
- Identifying opportunities:
 - Industry 4.0 – big data, advanced analytics, digital, IOT , AI...
 - Transition to a low carbon economy
 - Key sectors (emphasising those for which current trends look particularly favourable: tourism, food and drink, advanced manufacturing)
 - Global demographic and social change – population growth, more middle-class consumers etc opening new markets
 - Greater global connections – trade, people, finance and data
 - Emerging specialisms with global potential e.g. data analytics, sub-sea, advanced therapies, sensors
 - Potential in services for which demand will inevitably rise; particularly as emerging nations develop e.g. education (esp. higher education), health, social care (+ water, low carbon etc)
- Enabling an agile response to challenges:
 - Brexit
 - Global environment post crisis – low productivity growth, low business investment (despite low interest rates)
 - Climate change and resource scarcity
 - Regional economic imbalances
 - Ageing population



Plan for Action

- Scotland's Economic Strategy and the refreshed NPF highlight our economic ambitions:
 - We have a globally competitive, entrepreneurial, inclusive and sustainable economy
 - We have thriving and innovative businesses, with quality jobs and fair work for everyone
- EAP Sets out how we will deliver those ambitions – transparency over what we are doing, when and why.
- It brings together our strategic actions into one place, to demonstrate a comprehensive and coherent response to our businesses and stakeholders.
- Importantly, it also is backed by an evidence-base that tells us about where we need to take action to promote flourishing businesses and an inclusive approach to growth.
- Our engagement with businesses and other critical stakeholder across Scotland has made clear what we need. This economic plan sets out how we are delivering on the following areas:
 - Delivering a step-change in investment and digital infrastructure, supporting transition to a low carbon economy
 - Building the best place in the world to do business, nurturing an entrepreneurial culture and partnership with business and wider society
 - Creating a fair and efficient labour market with a more flexible skills system primed to deliver the skills of the future
 - Leading at the digital frontier, providing focused support for innovation and entrepreneurs
 - Embracing globalisation by promoting Scottish businesses and assets to the world and welcoming the world to Scotland
 - Ensuring every place – including all our rural economies – and every person has a stake in economic success



Investment: Delivering a step-change in investment and digital infrastructure, supporting transition to a low carbon economy

Infrastructure is the bedrock of a modern, competitive economy. That is why we are delivering first class transport and connectivity infrastructure that will remove unnecessary barriers to healthcare, education, work, trade, business and social opportunities. And importantly it will work both for the people of Scotland and those visiting or investing in our country.

In September this year, we announced the most ambitious long term level of infrastructure spend that Scotland has ever seen – that's investment in schools, hospitals and transport, and in digital connectivity and clean energy. This step change in infrastructure investment will deliver a long term boost to the Scotland's economy.

We want this investment to benefit everyone in Scotland. The wider economic measures that we take on top of this will ensure that the opportunities this investment creates are spread across our economy, so that we all succeed together.

Area of action	Policy	When	Action and progress to date
General Infrastructure	Increase productivity, competitiveness, visits to Scotland, access to labour market etc through increase in annual infrastructure investment of £1.5bn by end of 2019/20	2019/20	<ul style="list-style-type: none"> - We will direct this investment toward X and Y. - Investment will be boosted beginning from 2019/20.
	Improve access to workers, tourists and distribution networks by increasing investment in the ScotRail franchise	XXX	<p>By end 2019:</p> <ul style="list-style-type: none"> - a 23% increase in seating capacity - enhanced train facilities with 200 new services across Tayside, Stirlingshire, Perthshire, Aberdeenshire and the Borders. - the first dedicated carriage for cyclist and other sports enthusiasts in service next year on rural routes in the north and west.



Investment: Delivering a step-change in investment and digital infrastructure, supporting transition to a low carbon economy

Area of action	Policy	When	Action and progress to date
Digital infrastructure	Enable consumers and businesses to participate in the Digital economy, ensuring everyone is able to interact digitally for economic or social good, by delivering 100% superfast broadband to every premises in Scotland	By 2020	
	Enable citizens, businesses and tourists in more remote areas of Scotland to remain connected and fully participate in the Digital economy by delivering new masts to boost the coverage of 4G in remote areas	XXX	We have started to deliver new masts to boost the coverage of 4G in remote areas
	Enable high volume data exchanges, stimulating markets in high-data products and services and enabling businesses and underpinning progress in areas like connected devices, machine learning and the internet of things by publishing a 5G strategy that allows Scotland to gain first-mover advantage from this emerging technology	In 2018	XXX
	Ensure Scotland's people and businesses receive equal priority in the rollout of mobile connectivity infrastructure by taking action to ensure Ofcom and the UKG enable the mobile infrastructure that Scotland needs		We will continue to make the case to Ofcom and the UK Government that the regulatory environment at UK level should prioritise mobile coverage in rural and island areas and that the UK Government ensures that we do not lose out on key benefits of being part of EU – such as roaming – as a result of Brexit.



Innovation: Building the best place in the world to do business, nurturing an entrepreneurial culture and partnership with business and wider society

Businesses across Scotland want competitive taxation, first class enterprise support and investment, minimised administrative burden and a public procurement that enables and stimulates growth whilst delivering public services. We are taking radical action to deliver a highly energised business environment.

Area of action	Policy	When	Action and progress to date
Competitive tax regime	Reduce costs and increase the competitiveness of small businesses by delivering the most competitive business rates package of reliefs in the UK	Already in place	100,000 small businesses have been taken out of business rates
Radically transform enterprise support	Increase speed of navigation and access to the best possible enterprise support to <ul style="list-style-type: none"> - speed up decision making - reduce the administrative burden - reduce delivery and business admin costs By implementing a single digital portal with online needs assessment and instant decisions on eligibility based financial support.	By 2020	
	Strategic plan		
	South of Scotland		
Regional growth	Drive transformation of local economies, and help target investment on particular regional economic needs by empowering Regional Economic Partnerships with the tools they need, including investment planning and analysis of critical socio-economic data.	XXX	



Innovation: Building the best place in the world to do business, nurturing an entrepreneurial culture and partnership with business and wider society

Area of action	Policy	When	Action and progress to date
Investment for ambitious, innovative companies	SNIB	XXX	Establish missions which will focus on investment
	Stimulate private and partner investment in innovative and ambitious SMEs through the Scottish Growth Scheme	2017/18 to 2019/20	<ul style="list-style-type: none"> - Opened £200m equity scheme in collaboration with SIB and the EIB - Investment to date: £xx committed, £xx in pipeline. - £xm additional (equity and loan?) investment issued via the SME holding fund
	Promote digitisation through the Digital Growth Fund	ongoing	Initial £2m 0% interest loan fund for Scottish companies investing in digital capital, equipment or skills
	Digital Boost	XXX	XXX
Public procurement for economic growth	Stimulate businesses innovation via public procurement	XXX	Set up Innovation Partnerships for the Scottish Government to work collaboratively with public bodies to procure new goods and services to solve public sector challenges, creating opportunities for SMEs including micro-businesses



Inclusive Growth: Creating a fair and efficient labour market with a more flexible skills system primed to deliver the skills of the future

We are taking radical steps to strengthen and adapt our skills support as technology changes the nature of work and the skills that our employers need. We are doing this in direct partnership with employee and employer organisations.

Area of action	Policy	When	Action and progress to date
Skills for the future	Deliver a partnership approach to future skills support	XXX	Establish a National Retraining Partnership with key employer and employee organisations
	Improve the Flexible Workforce Development Fund	ongoing	- increase the cap from £10,000 to £15,000
	Support quality and quantity of tech skills: Codeclan, Datalab	XXX	XXX
Access to childcare	Freeing up parents to work as much as they want	XXX	Free childcare by XXX
Access to university education	Prevent barriers for students from lower income households and prevent unmanageable levels of student debt	XXX	Free university education
Fair Work	Ensure fair working conditions for all	XXX	Introduce fair work conditions to business support grants through Regional Selective Assistance and other large Scottish Enterprise employment grants



Innovation: Leading at the digital frontier, providing focused support for innovation and entrepreneurs

We want Scotland to be the inventor, not just the consumer of innovation. Our actions are intended to stoke the level of innovation taking place in Scotland. We also want to help businesses modernise and digitise where it delivers growth opportunities. Combined with our approach on skills, we will both lead the transition to a more digitally enabled economy and increase the opportunities for Scotland's people to thrive.

We are grasping Scotland's opportunity to become a tech hub which draws talent and investment from around the world. [Include details of businesses that located or moved to Scotland: Barclays tech site, Amazon, Microsoft, Skyscanner etc. Get Tech Nation figures on growth rates = 2.6x whole economy growth rate in UK]

Area of action	Policy	When	Action and progress to date
	Double R&D support	XXX	Establish a National Retraining Partnership with key employer and employee organisations
	Online ID verification for business and citizens – quicker and easier access to services	ongoing	- increase the cap from £10,000 to £15,000
	Open our rich data to research for the common good	XXX	XXX
	Edinburgh City Region Deal		
	Cyber resilience package		
	CivTech		
	Support Fintech Scotland		
	Transform Standard		



International: Embracing globalisation by promoting Scottish businesses and assets to the world and welcoming the world to Scotland

Area of action	Policy	When	Action and progress to date
	Actions from export plan	XXX	
	Trade envoys	XXX	
	Innovation and investment hubs	XXX	XXX
	Scotland is now		



Inclusive Growth: Ensuring every place – including all our rural economies – and every person has a stake in economic success

Area of action	Policy	When	Action and progress to date
	Publish a new Food and Drink 5-Year Export Plan	XXX	
	Rural Economy Action Plan	XXX	
	Expand the sectors covered by Food and Drink Sectoral Plans	XXX	
	Increase the number of Scottish products with Protected geographic indicators	XXX	



Potential new policies

- Next Generation Economic Model – i.e. longer-term strategic approach to complement that this initial set of firm actions.
- National Digitalisation 2030 Strategy / Industry 4.0 Commission
- Universities Growth Strategy.
- B2B support – potential for ‘Productivity Clubs’
- Appointment of ‘envoys / champions’ on specific tasks (immigration?)
- National Centre for Workplace Innovation
- National Assets Register?