

## **Green Industrial Strategy**

### **TOP LINES**

**The global transition to net zero offers enormous economic opportunities for Scotland as well as risks to be managed.**

**We have strengths and potential in sectors ranging from offshore and onshore wind, hydrogen, advanced manufacturing, financial and professional services**

- Scotland has significant strengths in renewable energy and our offshore natural assets, including:
  - offshore wind and potential for vast carbon storage
  - underpinning strengths and potential for hydrogen development and exports
  - expertise and skills in the decarbonisation of heat and leading innovations in zero emissions heavy duty vehicles
  - innovative, cross-cutting technologies such as data, sensors and software.

**Our Green Industrial Strategy and Just Transition Plans will help us realise that potential and manage those risks.**

- Our Green Industrial Strategy will be published this summer setting out how the Scottish Government will help businesses and investors realise the opportunities from the global transition to net zero.
- Our draft Just Transition Plans will set out clear roadmaps for a fair transition to net zero, including how we will capture the economic opportunities and

**Analysis already suggests that net zero sectors will demonstrate rapid growth over the coming years.**

- PwC's 2023 Green Jobs Barometer Report shows that Scotland is leading the way in delivering a green jobs revolution and unlocking the tremendous potential that our energy transition and wider net zero journey holds<sup>[1]</sup>.
- The PwC Green Jobs Barometer has shown that Scotland not only demonstrated the strongest performance in respect to green job creation in 2022 and 2023, the growth in green jobs last year outperformed all other regions proportionally. 4.0% of all job adverts in Scotland were for jobs that have a positive impact on the environment, up from 3.3% last year. This helped Scotland once again retain first place among 12 nations and regions of the UK in the overall Green Jobs Barometer.<sup>[2]</sup>

### **KEY MESSAGES**

- The Scottish Government is committed to growing a green wellbeing economy in Scotland
- While faced with one of the most difficult financial settlements since devolution, we are making the most of every resource available in the Scottish Budget 2024/2025 to continue to grow and transform the economy through investment of more than £5 billion across government.
- Spending is targeted at measures that will support our long-term ambitions for a wellbeing economy that is fair, green and growing, including:
  - supporting the green economy and future jobs by investing £66.9 million to kickstart our commitment of up to £500 million to anchor a new offshore wind supply chain in Scotland.
- We have strong competitive advantage in many green sectors
- And want to maximise the benefits of the transition to net zero for the people of Scotland

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<sup>[1]</sup> [PWC Green Jobs Barometer 2023](#) (published December 2023)

<sup>[2]</sup> [PWC Green Jobs Barometer 2023](#) (published December 2023)

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## **BACKGROUND**

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## **LINK TO JUST TRANSITION**

- Our Green Industrial Strategy will deliver on a commitment made in our National Strategy for Economic Transformation (NSET), and will sit alongside and support the development of our sectoral Just Transition Plans (JTPs). The JTPs will set out our plans to secure a fair transition to net zero for specific high-emitting sectors of the economy, while the Green Industrial Strategy will focus on capturing for Scotland the economic benefits of the global transition to net zero.
- Our *National Strategy for Economic Transformation* (March 2022) sets out our ambition to strengthen Scotland's position in new markets and industries, generating new, well-paid jobs from a just transition to net zero.
- Scotland's commitment to a just transition means planning and acting in a way that maximises and captures these opportunities – including better, secure jobs; growing, innovative businesses and supply chains; investment and trade and building our economic resilience to underpin a wellbeing economy.
- We already have businesses across sectors which are competing globally in these growing markets.
- They are creating high value jobs, repurposing innovation and supply chain strengths and capability and building the foundations for a thriving Scottish economy to deliver our wellbeing ambitions in the future.

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## **New Deal for Business**

### **New Deal for Business Group – Top Lines**

- The New Deal for Business Group was established to consider how we deliver a high-quality functioning relationship between government and business, recognising that is key to ensuring we have an economy that is fair, green and growing.
- Through its [Recommendations](#) and [Implementation Plan](#) (published October 2023), the Group has developed a framework to allow businesses and government to work better together and to help create a mutually beneficial environment that supports a wellbeing economy.
- The aim of the New Deal for Business is to amplify the voice of business particularly in the policy development process. This will lead to better policy outcomes for everyone.
- The New Deal for Business will not provide a solution to all policy issues, nor will government and business objectives always align. However, the close relationship will allow for a better dialogue, ensuring that businesses are informed early of any decisions affecting them, giving them as much time as possible to provide input, react and prepare.
- The New Deal framework and principles reach into every part of government and requires buy-in from both businesses and government to be a success.
- Over time, delivery of the New Deal for Business actions will contribute to measurable improvements in business confidence and investment through fostering a stable business environment.
- The Plan is just the start of a process to ensure we create the conditions together to support business, which in turn will drive the economic growth that feeds into strong and sustainable finances to tackle poverty and support our public services and communities.

### **Background**

- Five subgroups report to the Group, each led by Group members and representatives from the wider business community. The Subgroups are:
  1. Regulatory Review – linked to the Joint Regulatory Task Force chaired by the Minister for Small Business, Innovation and Trade
  2. Business Partnership
  3. Non-Domestic Rates – a consultative group linked to the work lead by the Minister for Community Wealth and Public Finance
  4. Wellbeing Economy
  5. Sharing Key Metrics
- To have the greatest impact, the Group prioritised the recommendations that will make the most immediate difference, these include:
  1. setting up a new independent Regulatory Review Group (RRG) chaired by Prof Russel Griggs, to scrutinise forthcoming regulation and policy across Government, ensuring that implementation challenges for business and regulators are identified and mitigated;
  2. featuring non-domestic rates among the wider considerations of a new Tax Advisory Group;
  3. ensuring the right voices are heard in engagement with business about policy;
  4. working on labour market participation with a focus on supporting parents into employment and the skills businesses need for a transition to net zero; and
  5. gathering data on the type of support for which businesses are searching, to help government better understand their needs.

## **Group Governance and Membership**

- The Group will provide an overarching governance assurance role, sharing advice/ guidance as required to deliver the 78 recommendations through the implementation plan.
- Delivery reports will be provided to and agreed by the Group on a quarterly basis.
- Within SG, progress on NDBG recommendations will be part of Programme 6 (Delivery) of the National Strategy for Economic Transformation (NSET).
- Responsibility for delivery of the recommendations within the Implementation Plan will sit with Scottish Government.
- Representation is across a range of business sectors, sizes and locations in both the Group's membership as well as members and contributors to the five subgroups led by Scottish Government and Business together.

<b>Name</b>	<b>Organisation</b>	<b>Position</b>
Mairi McAllan	Scottish Government co-chair	Cabinet Secretary Wellbeing Economy, Net Zero & Energy
Dr Poonam Malik	Independent co-chair	Strathclyde University
Tracy Black	Confederation of British Industry (CBI) Scotland	Scotland Director
Coin Borland	Federation of Small Business (FSB) Scotland	Head of Devolved Nations
Julie Ashworth	IoD Scotland	Chair
Liz Cameron	Scottish Chambers of Commerce (SCC)	CE and Director
Sara Thiam	Prosper	CE
Iain Baxter	Scotland Food & Drink (SFD)	CE
Sandy Begbie	Scottish Financial Enterprise (SFE)	CE
David Lonsdale	Scottish Retail Consortium (SRC)	Director SRC and Head of Devolved Nations BRC
Marc Crothall	Scottish Tourism Alliance (STA)	CE
Louisa Macdonell	Business in the Community Scotland (BiTCS)	CE
Barry White	NSET Delivery Board	Chair
Mairi Spowage	Fraser of Allendar Institute	Director
Nathalie Agnew	Muckle Media	MD
Cllr Macgregor	COSLA	Environment & Economy spokesperson

## **Investor Panel Recommendations**

### **Key messages**

- This Government knows that public sector spending alone will not be sufficient to meet the costs of a just transition to net zero, public and private sectors must work together if we are to achieve our ambitious climate change targets.
- 31 recommendations from a group of experts in investment finance have been published (29 November) setting out how we can attract global capital investment to support the physical infrastructure needed for a just transition to net zero.
- The Investor Panel believe that Scotland has an opportunity to develop a competitive advantage by taking a new and different approach from that currently taken by SG, and the wider public sector.

### **Our response to the Investor Panel Recommendations**

- The recommendations were published alongside an initial response from Scottish Government accepting the views of the Panel and highlighting early action on the Panel's recommendations.
- The Panel's recommendations provide useful insights and expertise on how we position Scotland as an investor friendly destination of choice.
- We have already started work on a new approach by establishing an 'Investment Strategy Delivery Unit'.
- Led by the new Investment Strategy Delivery Unit, the Scottish Government will bring coherence and focus to how the public sector works to attract investment at scale by:
  - co-ordinating the effective implementation of the Panel's recommendations;
  - shaping, influencing and supporting relevant policy and delivery teams to attract mobile capital investment;
  - convening policy, delivery and regulatory interests across the public sector to create a more 'investor friendly' environment and support the delivery of specific, priority investments;
  - developing consistent approaches and methodologies for how government and public sector bodies identify and engage with large scale investment opportunities and investors; and
  - establishing clear routes for investor engagement.
- We will publish a progress report on delivery of the recommendations by the end of June 2024.

### **Background**

- The National Strategy for Economic Transformation committed to establishing an Investor Panel co-chaired by the First Minister to attract investment to projects in Scotland and to bring investor intelligence to policy and regulatory development early in the process.
- The Panel was co-chaired by Angus Macpherson, CEO, Noble and Co and met for the first time in December 2022.
- The Panel focussed on three areas where they could add significant value, market intelligence; investment environment; and sectoral deep dives around ScotWind, hydrogen and heat.
- Delivering our climate change target of net zero emissions of all greenhouse gases by 2045 will require the fundamental transformation of our economy and society, underpinned by massive investment in physical infrastructure.

## **Withers Review**

### **We need to ensure our plans for NSET continue to align with the key policy prospectus outcomes, building on the strong foundations put in place for NSET**

- Consistent with the focus on delivery we also need to update our plans so we can maintain momentum in following through on the recommendations of work such as the New Deal for Business Group, the FM Investor Panel and Withers Review on Skills.
- Our Green Industrial Strategy (GIS), which is due to be published in 2024, will deliver on a commitment made within NSET and will set out our approach to working with businesses, investors and workers to realise the economic opportunities of the global transition to net zero.

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## **STER**

### **TECHSCALER**

**Techscaler refers to the Scottish Government's initiative to provide intensive, structured commercial education to 'start-up' businesses in Scotland, to support them in growing (or 'scaling-up') to the full extent of their ambitions.**

- Techscaler is one of the flagship recommendations of the Scottish Tech Ecosystem Review which was written by Mark Logan (former COO Skyscanner and Scotland's Chief Entrepreneur)
- We have committed £42m to supporting Techscaler and this ambitious programme provides: long-term incubation space, access to experienced mentors, intensive founder team education where our start-ups are exposed to the most current and best tech playbooks.
- There is currently no equivalent to this programme anywhere else in Europe - the Scottish Government are the first in the EU to publicly invest in, and back, a piece of infrastructure of this scale to support early stage start-ups and start-up founders

**We are one year into the launch of Techscaler (November 2022) and are already seeing interest in education programmes doubling, positive feedback scores on the quality of our education programmes and TechScaler start-ups securing funding**

- As of December 2023, total capital raised since becoming Techscaler members is £45.66m (on a total of 24 deals).
- As of December 2023 the total number of Techscaler members reached 643, across 517 businesses with 90% of applications being accepted
- Over half (57%) of Techscaler members have enrolled in a Techscaler education programme
- Two of our education programmes (First Steps for early stage start-ups and Reforge for startups looking to scale) have received high overall NPS (net promoter score) of +86 and +91, respectively.

**Techscaler has opened 11 hubs across seven regions throughout Scotland helping to spread the opportunities regionally and more than doubling our commitment of five hubs.**

- The benefits of Techscaler for the wider economy and local communities are vast providing economic growth, the creation of new highly skilled jobs and tax revenue.

**Techscaler's strong approach to collaboration further strengthen Scotland's tech ecosystem**

- Techscaler currently has 54 formal partnerships which are crucial to creating a collaborative and inclusive tech ecosystem. Partners include: universities, councils, public bodies, coworking spaces, enterprise agencies, and grassroots networks.
- As of December 2023, Techscaler has put on 499 events, drawing in 9696 attendees. 19% of these events have had a DE&I focus.

## TOP LINES

- Techscaler refers to the Scottish Government's initiative to **provide intensive, structured commercial education to 'start-up' businesses in Scotland**, to support them in growing (or 'scaling-up') to the full extent of their ambitions. Techscaler provides: long-term incubation space, access to experienced mentors, intensive founder team education where our start-ups are exposed to the most current and best tech playbooks.
- Techscaler is one of the key recommendations that came out of the **Scottish Tech Ecosystem Review (STER)** which was published in 2020 and written by Mark Logan, Scotland's Chief Entrepreneur. STER is Scotland's blueprint to become a thriving tech ecosystem and focussed interventions in three areas: infrastructure (social and physical), education and investment. Techscaler supports work in all three of these pillars.
- There is currently **no equivalent to this programme anywhere else in Europe** - the Scottish Government are the first in the EU to publicly invest in, and back, a piece of infrastructure of this scale to support early stage start-ups and start-up founders.
- We've invested **£42m in our national Techscaler network** to support the next generation of Scottish start-ups over 5 years. **Codebase** were awarded the contract and are the service provider for Techscaler.
- The **benefits of Techscaler** for the wider economy and local communities are vast providing economic growth, the creation of new highly skilled jobs and tax revenue.
- Techscaler has opened 11 hubs, in seven regions throughout Scotland helping to spread the opportunities regionally, more than doubling our commitment of five hubs.
- Since launching in November 2022 and up until December 2023, the second cohorts of Techscaler **educational programmes** have commenced with participation for Startup First Steps cohort doubling in the number of applications and TS First Steps and Reforge continuing to receive high levels of recommendation and positive feedback (with overall NPS scores of +86 and +90, respectively).
- **Partnerships and collaboration** are vital to the success of Techscaler. There are currently 54 formal partnerships, including with: universities, councils, public bodies, coworking spaces, enterprise agencies, and grassroots networks.
- **Techscaler's strong approach to collaboration** increases Techscaler's ability to influence, enable and connect with the Scottish community, further strengthen Scotland's tech ecosystem, and increase the number of successful startups.
- Techscaler is also working with enterprise agencies to provide funding to appropriate start-ups. The **Techscaler Minimum Viable Product (MVP) Small R&D Grant** provides funding to certain early-stage technology companies (start-ups and scale-ups) for research and development (R&D) projects to create new products, processes or services. This grant is only available to certain companies based in Scotland that have taken part in the Techscaler education programmes.

## KEY FACTS

- As of December 2023: total number of TS members reached 643, across 517 businesses with 90% of applications being accepted.
- 57% of these members have enrolled in an Education Programme
- The two cohorts who have now completed TS First Steps and Reforge have given an overall NPS score of +86 and +91, respectively.
- In terms of interest, applicants are most interested in mentorship (85%), followed by building ecosystem connections (77%), education programmes (67%) and events (66%).
- As of December 2023, 70 mentors have delivered 865 sessions to 304 members from 276 different companies.
- First Steps Cohort 2 has doubled the attendance of the first cohort.



- The quality of TS mentoring is ranked very highly with participants providing it an overall NPS score of +89
- As of December 2023, TS has put on 499 events, drawing in 9696 attendees. 19% of these events have had a DE&I focus.
- As of December 2023, there are 2403 members of TS online community

### **IMPACTS – COMPANY VALUATIONS SINCE STARTING TS**

- As of December 2023 - Total Capital raised since becoming TS members £45.66m (on a total of 24 deals). All information is based on Pitchbook Platform data, however not all TS members are being tracked on Pitchbook due to their maturity. At present 98 (18.9%) are included.
- The total Lifetime Capital Raised by Companies participating in TS stands at £294.65M

### **EDUCATION**

- The Scottish Technology Ecosystem Review (STER) recognises that not enough businesses in Scotland possess the ‘start-up skillset’ (sometimes referred to as the ‘Silicon Valley Playbook’), and that a lack of these essential skills is one of the root issues which is preventing our tech ecosystem from reaching its tipping-point.
- Techscaler provides technology companies with free access to first-rate commercial education in internet economy growth techniques and related disciplines.
- Courses are offered to companies at different stages of development – from individuals thinking of founding a start-up, to larger businesses close to achieving competitive advantage and scale.
  - Startup basics: A free, self-paced program for anyone interested in startups.
  - Startup First Steps: A 10-week course for early-stage founders to launch their product.
  - Startup: Next Steps: A 10-week program for founders aiming for product/market fit.
  - Reforge Membership: Advanced scaleup training with Reforge for established startups.

### **PHYSICAL INFRASTRUCTURE (INCUBATION)**

- Techscaler provides technology companies with access to high-quality, long-term, flexible and affordable incubation space.
- Techscaler hubs have opened 11 hubs, in seven regions across Scotland, in: CodeBase Edinburgh, CodeBase Stirling, ONE Tech Hub Aberdeen, Wasps Creative Academy Inverness, Abertay University CyberQuarter Dundee and Barclays Eagle Lab Campus Glasgow. We also have five hubs located in the South of Scotland with Hometown Hub including in Jedburgh, Eyemouth, St Boswells, Lauder, and Stow

### **SOCIAL INFRASTRUCTURE (COMMUNITY)**

- Key to the success of Techcaler infrastructure has been supporting what STER calls the social market square, i.e. opportunities for people to meet physically and virtually to exchange ideas, learn from each other and collaborate across specialisms.
- A peer-led online community platform provides an accessible space for people in startups to share knowledge, collaborate on ideas, and gather around challenges.
- Up until December 2023 Techscaler has held over 499 community events with over 9,696 attendees and hosts an online community of almost 2400 members.
- Almost half (45%) of Techscaler events are held in partnership with one of our Techscaler delivery partners exemplifying Techscaler’s collaborative approach to community-building.
- A-fifth (19%) of all Techscaler events have included a focus on diversity and inclusion, highlighting the importance of attracting and supporting underrepresented groups into entrepreneurship.

## MENTORING

- Sharing experience and best practice is key to the success of building and scaling startups. Techscaler has already supported **276 businesses with mentorship** with an average NPS Score of +89.
- Techscaler provides free mentorship for tech startup founders and senior leaders anywhere in Scotland, connecting them with a relevant mentor for personalised 1:1 advice.
- The programme gives founders and senior leaders an opportunity to meet with experienced startup operators and build a transformational relationship for business and professional growth. Meeting with mentors, participants are able to focus on specialised challenges, receive guidance without an agenda, get an outsider's perspective, and avoid making any big mistakes as they grow and scale their business.

## PARTNERSHIPS (COLLABORATION)

- Partnerships are vital to the success of Techscaler, and are essential to delivering the programme of activity.
- Collaborations increase Techscaler's ability to influence, enable and connect with the Scottish community, further strengthen Scotland's tech ecosystem, and increase the number of successful startups.
- There are currently 54 formal partnerships, including universities, councils, public bodies, coworking spaces, enterprise agencies, and grassroots networks.
- Current collaborations which are strengthening the influence and reach of Techscaler include:
  - **CSO Regional Innovation Hubs:** NHS Scotland has three hubs (North, West, South East) fostering innovation and collaboration in healthcare.
  - **Techscaler and CSO Hubs:** A collaboration inspiring healthcare solutions through Techscaler's community and accelerator program, with a launch event on 22 Sep 2023.
  - **Scottish Edge**
  - **Hometown Hubs**
  - **SRUC**
  - **STAC for Startup Founders:** Techscaler and STAC offer to expanded support, including mentorship, workspace, and events.
  - **Enterprise Agency Support:** Highlands and Islands Enterprise, South of Scotland Enterprise, and Scottish Enterprise partner with Techscaler to provide funding access.
  - **AccelerateHER:** Joint meetups for women and non-binary founders across Scotland.
  - **Panache Ventures:** Techscaler brought Silicon Valley investors to Scotland in August 2023.
  - **University Partnerships:** Techscaler collaborates with leading Scottish universities for workspace, meetups, and programs.
  - **CivTech:** Techscaler supports GovTech startups through a partnership with CivTech.
  - **CoSTAR Lab:** Techscaler partners with Abertay University on a new virtual production lab in Dundee funded by UKRI's CoSTAR program.