



Scottish Government
Riaghaltas na h-Alba
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Shaping Scotland's Economy Inward Investment Plan: Progress Report 2022



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Section 1: Ministerial Foreword

Attracting businesses to invest in Scotland is a key driver of our long-term economic wellbeing and prosperity. Inward investment¹ makes a disproportionately positive contribution to Scotland's economy. Although only three per cent of businesses in Scotland are inward investors, these businesses account for over a third of jobs, around half of GVA, just under two thirds of Business Expenditure on Research and Development (BERD) and three quarters of international exports.² These businesses play a key role in Scotland's economy, giving us access to global technology, talent, markets and investment. They support the building in Scotland of globally recognised and leading clusters and the development of local businesses and supply chains.

In October 2020, we published **Shaping Scotland's Economy: Inward Investment Plan**.³ The Plan outlines our ambitions for Scotland to be a leading destination for inward investment aligned with our values as a nation, committed to fair work, net zero and inclusive prosperity. The Plan highlights the important role inward investment plays in creating high-value jobs for the economy, takes an evidence-led approach to identifying Scotland's strengths, aligning these with current and projected global investment flows, and sets out a series of actions to attract further inward investment to Scotland.

A strategy without delivery adds no value. That's why we have published this update to report progress on the actions we have taken to deliver our Plan, and the results we are seeing as a consequence.

Despite global headwinds, and the impacts of Brexit and Covid, over the last 18 months we have been rigorous in our delivery of these actions. At the 2022 World Forum for FDI,⁴ in Edinburgh in May, I announced the annual inward investment results of Scotland's Enterprise Agencies: Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and South of Scotland Enterprise (SoSE). The Enterprise Agencies helped to attract 113 inward investment projects for 2021-22, with 39 new investors choosing to locate in Scotland. 7,780 direct jobs were created or safeguarded through inward investment, demonstrating that inward investment is driving economic growth, as well as creating and protecting jobs across Scotland.⁵

A few weeks later, EY's Annual Attractiveness Survey 2022 showed that Scotland is leading the UK in attracting inward investment. Scotland has maintained its position as the top performing FDI region or nation of the UK, outside of London,⁶ and is outperforming the rest of the UK and Europe with the growth in the number of FDI projects attracted. Scotland's FDI projects were up by 14 per cent from 2020, compared to a 5.4 per cent increase in Europe and a 1.8 per cent increase in UK.

1 Foreign Direct Investment (FDI) or inward investment (which includes investment from the rest of the UK into Scotland) involves a company or institution headquartered outside of Scotland that establishes a base of operations within Scotland, creating jobs, economic opportunities and associated capital investment.

2 [Scottish Annual Business Statistics 2018 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/scottish-annual-business-statistics-2018/pages/10-12-businesses-in-scotland-2021.aspx), [Businesses in Scotland: 2021 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/business-enterprise-research-and-development-2020/pages/1-3-business-enterprise-research-and-development-2020.aspx), [Business enterprise research and development: 2020 - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/business-enterprise-research-and-development-2020/pages/1-3-business-enterprise-research-and-development-2020.aspx)

3 [Shaping Scotland's economy: inward investment plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/publications/shaping-scotland-s-economy-inward-investment-plan/pages/1-3-shaping-scotland-s-economy-inward-investment-plan.aspx)

4 [World Form 2022 - The World Forum For FDI](https://www.weforum.org/events/world-forum-for-fdi/)

5 [Inward investment drives jobs and economic growth in Scotland \(sdi.co.uk\)](https://www.sdi.co.uk/news/inward-investment-drives-jobs-and-economic-growth-in-scotland)

6 [Scotland leads the way for FDI investment | EY UK](https://www.ey.com/en/uk/scotland-leads-the-way-for-fdi-investment)

Section 2: Shaping Scotland's Economy: Inward Investment Plan – Recap of Strategic Direction

Our New Strategic Direction

The Inward Investment Plan sets out a shift towards a more strategic focus, working with target investors and projects in nine opportunity areas, where the evidence shows Scotland has a competitive and comparative advantage that is aligned with global demand. It moves the focus of the Scottish Government and its agencies beyond the creation of new projects and jobs alone, towards realising the wider 'spillover' benefits that an inward investment project can deliver, such as local supply chain benefits, spending on Research and Development (R&D) and regional impact.

The shift in our approach and what we are doing differently, can be summarised as below:

From:

- Largely opportunistic focus
- 'Trawl' for investors and projects
- Largely sector-agnostic
- Focus on project and jobs
- Values not driving our offer
- Regions working in silos
- Little focus on cluster building
- Inward investment policy developed in isolation



To:

- More strategic focus
- 'Target' investors and projects
- Focus on strategic sectors
- Maximise overall economic impact
- Values central to offer
- Aligned with regional strengths
- Cluster building focus
- Alignment of wider policy agenda

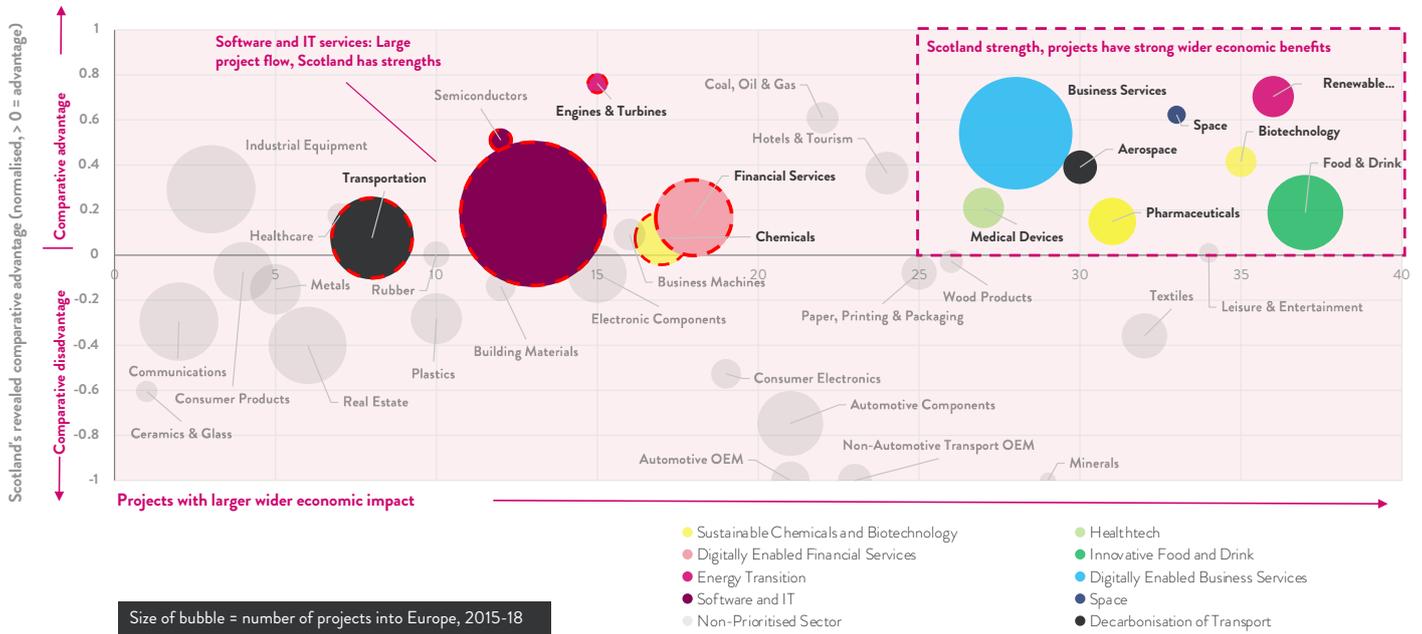
Values-Led Proposition

Scotland has a great tradition of enterprise and a business culture rooted in the values of fair work, net zero and inclusive prosperity. Companies increasingly position values at the heart of their businesses, focussing on the wider benefits they contribute to society, beyond the generation of profits. The Inward Investment Plan sets out how values are central to our offer, with our ambitions for a wellbeing economy at the heart of attracting new investment opportunities.



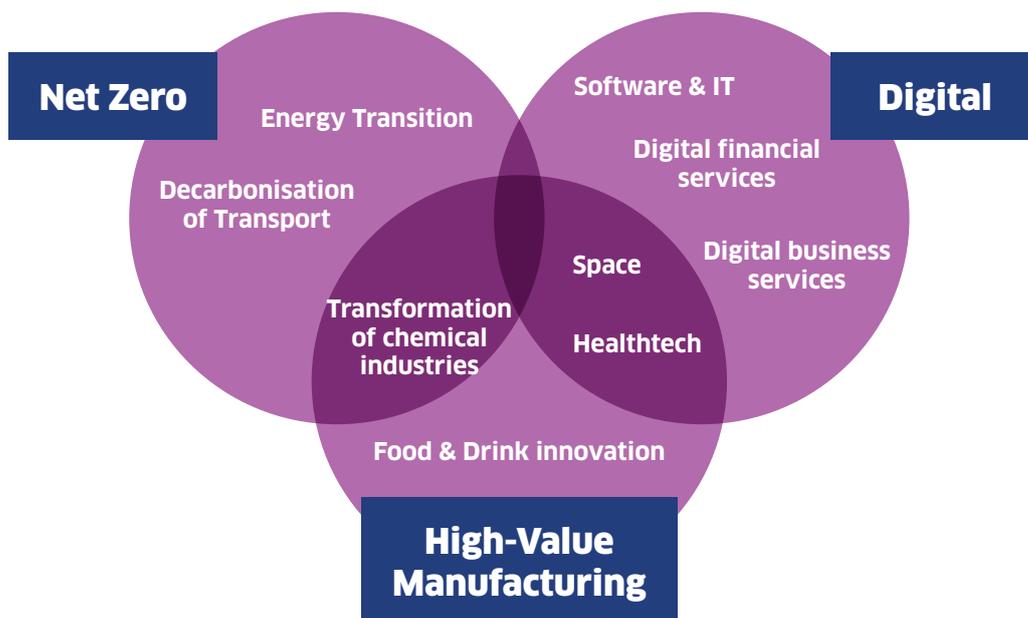
Where Scotland's Competitive and Comparative Advantage meets Global Demand

With a clear, evidence-based approach, the Inward Investment Plan focuses on those sectors and opportunities where Scotland can demonstrate an international competitive and comparative advantage intersecting with future global investment flows. These sectors and opportunities have the greatest potential to maximise the delivery of spillover impacts that benefit the wider Scottish economy.



The nine opportunity areas identified in the Plan are energy transition, decarbonisation of transport, software and IT, digital financial services, digital business services, space, healthtech, transformation of chemical industries and food and drink innovation. They can be broadly grouped into three overarching priority areas of net zero, digital and high-value manufacturing.

The nine opportunity areas where Scotland's strengths meet global demand



Values-led pivot to create an inclusive, sustainable wellbeing economy

Delivering Wider Economic Benefits Across Scotland's Regions

Central to the Inward Investment Plan's values-led approach is a commitment to ensuring all of Scotland's regions are able to share in economic success as a result of inward investment. Scotland's regions have distinctive assets that can attract different types of inward investment. In the Inward Investment Plan, we set out a commitment to working with regional partners to draw on and promote these strengths on a global stage, combining this with the strong messaging of 'Scotland as the investible proposition' at a national level.

A Team Scotland Approach to Attracting and Delivering Inward Investment

Attracting investment is a globally competitive business. Scotland benefits from a considerable international network that plays a pivotal role in promoting, supporting and amplifying our inward investment proposition to a global audience.

To deliver our message, identify and land leading inward investors, we are mobilising the whole of our international network, including Scottish Government offices overseas, the global field team of Scottish Development International (SDI), the international trade and investment arm of Scottish Enterprise, our universities and alumni, industry associations and trade bodies, our GlobalScots and Trade and Investment Envoys.

Under our unique 'Team Scotland' approach, the Scottish Government, with its partners, has been promoting and showcasing Scotland's world-leading capabilities, assets and strengths on the international stage at events such as Dubai Expo 2020, COP26 and the World Forum for FDI.

Scotland's Inward Investment Performance

The annual inward investment results of Scotland's Enterprise Agencies, Scottish Development International (SDI), the international arm of Scottish Enterprise, Highlands and Islands Enterprise (HIE) and South of Scotland Enterprise (SOSE), show that 7,780 direct jobs were created or safeguarded through inward investment in 2021-22, of which 7,641 (98 per cent) are real living wage jobs, paying an annual salary of at least £19,305 based on a 37.5 hour week.

There were 113 inward investment projects in the year, with 39 new investors choosing to locate in Scotland. The predominant sectors for inward investment were: energy transition and software and IT. More than 90 per cent of the inward investment results are in the nine opportunity areas identified in the Inward Investment Plan.

Section 3: Inward Investment Plan Actions: Delivery to Date and What we Will Deliver Next

The Inward Investment Plan sets out eighteen actions under five key themes. They are reviewed on a monthly basis at a Ministerial level to ensure delivery remains on track. Below we outline where we have focused during the first eighteen months of delivery, highlighting the key outcomes and achievements to date and what we will deliver next.

Inward Investment Plan Actions

Theme 1 – Our Ambition: Setting The Direction On Inward Investment

Action 1: We will place our values at the centre of our engagement with current and potential inward investors, to ensure a strong partnership basis to our relationships around promoting inclusive growth and creating a wellbeing economy with zero carbon and fair work at its core.

What we have delivered to date:

- We have developed a ‘values statement’⁸ in collaboration with delivery partners and industry. This statement defines each value, and articulates what it means in practice.
- The values align with the indicators set out in Scotland’s National Performance Framework⁹ and the statement clearly sets out to investors what we mean by our values-led inward investment policy focusing on net zero, fair work, inclusive prosperity and the creation of a wellbeing economy.
- These values are now front and centre of the Scottish Government and Agencies’ offer and engagement with current and potential inward investors.
- The data shows that our values-led approach to inward investment is working.

EY’s Annual Attractiveness Survey Scotland 2022

According to EY’s Annual Attractiveness Survey 2022, Scotland remains second only to London as the UK’s favoured destination for FDI, with 122 new projects. In terms of investor perceptions of the UK, Scotland’s score has more than doubled, from 7 per cent to 15.8 per cent of investors now rating Scotland as the UK’s most attractive FDI location, second again only to London.

What we will deliver next:

- We will fully embed this approach so all of our propositions and core messaging are centred around promoting Scotland as a values-led destination for inward investment.
- We will prioritise support for businesses and organisations which align with Scotland’s values.
- We will analyse ongoing impact of our values-led approach as part of our monitoring and evaluation work.

8 <https://www.gov.scot/publications/shaping-scotlands-economy-scotlands-inward-investment-plan/documents/>

9 <https://nationalperformance.gov.scot/>

Case Study 1: Delivering High-Value Jobs to the Scottish Economy

During COP26 in November 2021, Dutch-headquartered global health and nutrition company, Royal DSM announced that its ground-breaking feed additive, Bovaer®, which has the potential to reduce cattle-produced methane by at least 30 per cent, will be globally manufactured at the firm's Scottish site in Dalry. This project is a long-term strategic investment by DSM into improving sustainability, involving over £100m in investment by the company. The construction of the new manufacturing facility at Dalry is the next step, which will be fully operational by 2025. The Dalry site currently employs more than 300 people and by manufacturing the feed additive, this number is anticipated to grow by approximately 10 per cent, as well as securing the site's long-term future and creating between 100-150 construction roles over two years to boost the local economy.

Action 2: We will align our global resources and footprint to the nine priority opportunity areas set out in the Plan, and in the locations where we can maximise access to these investors. SDI has assigned lead generation leads for each of the nine opportunity areas. SDI's specialists will spend at least 80 per cent of their effort on proactive opportunities aligned to these opportunity areas.

What we have delivered to date:

- We have refocused our resources so they are aligned with developing projects within the nine opportunity areas identified in the Inward Investment Plan. Additionally, SDI's overseas presence has been aligned with key markets of opportunity and to reflect the importance and potential of markets such as the USA and London.
- We have developed operating plans for each of the opportunity areas reflecting deal flow, scale of opportunity, maturity of sectors and sub sectors, and outlining the lead generation activity for each area and assigned an Opportunity Area Lead to manage the implementation of each plan.
- We have undertaken activity to target potential investors, such as working with Edinburgh Innovations (University of Edinburgh) to promote Scotland's cyber security, blockchain and data ethics expertise to global tech companies and the promotion of Quantum Computing Applications (Cluster) in partnership with the Universities of Strathclyde, Glasgow and Edinburgh (see Action 13).

What we will deliver next:

- We will target lead generation in the key opportunity areas of energy transition (particularly ScotWind), software and IT and the space sector, based on current and forecast market opportunities. This will include delivery of webinars and marketing events, co-delivered with partners such as Michelin Scotland Innovation Parc (MSIP), National Manufacturing Institute Scotland (NMIS), local authorities and one-to-one engagement with target companies.

Action 3: We will target the immediate expansion of our top 50 existing investors to rapidly scale opportunities. We will proactively strengthen and deepen our relationship with these investors, both in Scotland and at their global HQs, with a view to maximising the additional investment and job creation opportunities through a deeper understanding of their strategic direction and positioning the role Scotland can play to support those objectives.

What we have delivered to date:

- As part of our strategic engagement programme with leading inward investors already located in Scotland, Scottish Government Ministers are actively engaging and building strong relationships with existing inward investors with the aim of understanding the opportunities and challenges they face and to ensure Scotland continues to be an attractive environment for current and future investment, maximising additional investment and job creation.
- Our criteria for engaging with leading inward investors include investor contribution to Scottish economy, growth potential, alignment with our values, willingness to partner and potential contribution to spillover benefits.
- Latest data shows that for 2021-22 existing investors contributed 70 per cent of inward investment projects in Scotland.

What we will deliver next:

- We will fully embed the approach of proactive Ministerial engagement with our leading investors to help us identify growth opportunities or early intervention in potential risk situations.
- We will work closely with industry bodies such as Scottish Financial Enterprise to deliver events such as roundtables to deepen relationships with existing investors who are members of these bodies.

Action 4: We will identify and proactively target 50 leading global companies we want to attract to Scotland across our nine opportunity areas. Where these do not already exist we will build strategic relationships with these businesses to understand their global expansions plans and the role Scotland can play in these plans. We will keep this list under review to monitor new entrants and shifts in global industry dynamics.

What we have delivered to date:

- We have identified a focussed list of target investors, across the nine opportunity areas, and these companies are core to SDI and Ministerial company engagement activity.

What we will deliver next:

- We will progress prospecting activity and ensure engagement with target list, utilising our global footprint – SDI, GlobalScots, Trade and Investment Envoys, Academia and Ministerial visits – to build strong relationships at HQ level with these businesses in their home countries.

Case Study 2: Delivering Our Net Zero Ambitions

Japanese firm Mitsubishi Electric Air Conditioning Systems Europe Ltd announced plans to invest £15 million in its Livingston manufacturing facility to develop the next generation of heat pumps, creating and protecting almost 400 jobs, delivering economic value for Scotland, enabling the use of Scottish manufactured products in our Net Zero transition and providing enhanced opportunities for Scottish supply chain businesses.

Action 5: We will ensure that our strategic inward investment efforts align with regional growth plans and with Scotland's Enterprise Areas, building on the strengths and assets each region in Scotland has to offer to create regional clusters of expertise and secure the benefits from inward investment across Scotland.

What we have delivered to date:

- SDI's Regional Inward Investment Leads are working closely with Scotland's regions to promote their strengths. Engagement with the relevant Regional Economic Partnerships are working well – examples of practical output include the development of the Regional Inward Investment Propositions; the development of [360 virtual reality collateral](#) around sites such as [Michelin Scotland Innovation Parc \(MSIP\)](#), [Arrol Gibb Innovation Campus \(AGIC\)](#) and [Advanced Manufacturing Innovation District Scotland \(AMIDS\)](#). SDI is also engaging regional partners to support with inward investment visits and engagement with existing investor expansions to accelerate and enhance projects across the regions.
- Investor engagement is underpinned by global account management and account teams from across Team Scotland and Regional partners.

What we will deliver next:

- We will undertake targeted investor promotion activity that highlights regional assets in our work with potential investors to provide regional options that showcase spillover benefits that can be realised in these locations.

Theme 2 – Priorities: Where Scotland’s International Comparative Advantage Meets Global Opportunity

Action 6: We will focus resource on more strategic investments that shape places and deliver high value jobs, aiming ultimately to allocate approximately £20 million per annum to this work.

What we have delivered to date:

- We have provided strategic funding support of more than £20 million in 2021-22, which helped to secure 113 inward investment projects for the year, with 39 new investors choosing to locate in Scotland.

What we will deliver next:

- We will prioritise our resources behind delivery of the Inward Investment Plan ensuring alignment with the objectives outlined under the New Market Opportunities policy programme of action of the NSET.

Action 7: We will align with the Scottish National Investment Bank (SNIB) and other sources of capital to support incoming companies to grow.

What we have delivered to date:

- Dialogue underway with The Scottish National Investment Bank and other partners to establish support for capital intensive FDI projects that meet The Bank’s investment mission criteria.

What we will deliver next:

- We will work with The Bank, including establishing relationship with new CEO, and continue to identify additional sources of external funding for inward investors.

Theme 3 – Platforms: Selling Scotland

Action 8: We will position a better Scotland by investing in targeted ‘Scotland is Now’ activity to support the nine opportunity areas.

What we have delivered to date:

- We have developed content and collateral to further promote Scotland’s Trade and Investment ambitions overseas. The Brand Scotland Trade and Investment Toolkit¹⁰ provides easy and up-to-date access to all new proposition material and is also available via the Scotland.org website.¹¹
- We have developed several pieces of new branding collateral and guidance, including a new brand marque which was showcased internationally at COP26 and Dubai Expo 2020.
- All propositions are available via the Brand Scotland Trade and Investment Toolkit. These include collateral for each opportunity area and an Inward Investment Plan summary.

What we will deliver next:

- We will ensure future content including new collateral and campaigns continue to highlight Scotland’s strengths in the nine opportunity areas, in conjunction with the wider marketing activity.
- Trade and Investment marketing will continue to form an integral part of all future international events.

Action 9: We will align and galvanise Scotland’s international network behind the Plan, giving them the tools to promote Scotland effectively.

What we have delivered to date:

- We have engaged our international networks, including GlobalScots and Trade and Investment Envoys, through a range of activities such as webinars and roundtable events with target companies.
- We have appointed new capital and inward investment focussed Trade and Investment Envoys in key markets and regions, including the announcement¹² of US and London based Trade and Investment Envoys.
- We have developed a Ministerial Trade and Investment Overseas Visits programme covering a mix of in-person and virtual visits and meetings, in priority markets, aligned to the Plan’s nine opportunity areas. Programme highlights include:
 - 154 virtual webinars,¹³ a number of which with ministerial attendance, focusing on Trade and Investment with GlobalScots since Plan publication.
 - 16 virtual Ministerial Trade and Investment overseas visits during the Covid pandemic allowing us to build relationships with global investors.
 - Over 70 ministerial meetings and engagements, both virtual and in-person, with a range of stakeholders and investors. Engagements included the Global Investment Summit in London, World FDI Forum in Edinburgh, Dubai Expo 2020 and COP26 business engagements.

10 [Brand Scotland Trade and Investment Toolkit](#)

11 [The Official Gateway to Scotland | Scotland.org](#)

12 [Trade and investment envoys – International trade and investment – gov.scot \(www.gov.scot\)](#)

13 As of May 2022

- We have explored growth ambitions in Scotland, through business engagement discussions, providing opportunities to promote Scotland as a destination for further investment. Discussions centred around understanding key challenges or barriers faced by investors in Scotland and highlighted our Team Scotland approach.

What we will deliver next:

- We will continue our engagement with our international networks to promote the Inward Investment Plan and the nine opportunity areas, build relationships with investors and stakeholders within their networks, and gather market intelligence and insights from their specific regions and geographies.
- We are developing the work programmes and activities for the newly recruited Trade and Investment Envoys to support our inward investment priorities. Further in-person Trade and Investment Overseas Ministerial Visits are being planned and organised for 2022-23. As part of the programme, visits to Germany, East and West coast of the US, Canada, Japan and South East Asia and Australia are planned. We are identifying the next wave of international events to showcase Scotland's investment strengths. This may include New York International Climate Week, Green Expo in the UK and Osaka Expo 2025.
- We will increase engagement with Scottish university alumni, including delivery of a US-based alumni event.

Scotland on a Global Stage: COP26

Team Scotland, in partnership with The Scottish National Investment Bank, Glasgow Chamber of Commerce, City of London, and Global Ethical Finance Initiative, delivered over 140 international focused Trade and Investment events and engagements during COP26 in Glasgow.

We announced significant public and private investment in Scotland's economy that will drive the transition to net zero, including over £100m investment from DSM to manufacture a new feed additive that can reduce methane emissions from cattle and sheep by an estimated 30 per cent, £2m Scottish Enterprise funding to support Mitsubishi Electric's £15m smart factory project and announcement of its Series B funding of £42.2m by Intelligent Growth Solutions Ltd in its agri-tech and vertical farming business.

Together with Scottish Enterprise, we delivered a programme of 21 innovation and investment events as part of Scotland's Climate Ambition Zone at the Lighthouse, part of Scottish Government's wider Lighthouse Programme. The programme attracted an in-person audience of 1,140 and a virtual audience of 1,773.

We capitalised on the presence of senior business leaders in Glasgow to hold 15 climate and innovation-focussed meetings, including meetings with leading investors Coca-Cola Europacific Partners and Microsoft UK. Following these series of engagements, Team Scotland is using the relationships to identify new investment opportunities and continue to position Scotland as a place for low-carbon, climate-friendly projects.

Action 10: We will develop Regional Prospectuses to highlight the strengths and attractions of Scotland's regions, aligned with the international strengths and assets identified in this plan. These will be showcased on a global stage to increase visibility and attraction to inward investors.

What we have delivered to date:

- We have developed six Regional Inward Investment Propositions (Aberdeen City Region;¹⁴ Ayrshire;¹⁵ Edinburgh and South East Scotland;¹⁶ Forth Valley;¹⁷ Glasgow City Region;¹⁸ Tay Cities¹⁹) detailing each region's unique investment assets aligned to the nine opportunity areas of the Inward Investment Plan.

What we will deliver next:

- We will complete the Regional Inward Investment Propositions for the Highlands and Islands and South of Scotland.
- We will continue to work with regional and national partners to attract inward investment projects to the regions where they have identifiable strengths in an opportunity area.
- We will ensure that the propositions are revisited annually to reflect the latest offering/developments across the regions.

Case Study 3: Delivering Inclusive Growth

A 4-year research and development project has been awarded up to £5m in public sector funding. The post-smolt innovation project is being carried out at the Scottish Salmon Company's Applecross sites in the northwest highlands, as part of the longer-term commitment by its parent company, the Bakkafrost Group. The project will create around 30 new rural jobs and significantly advance salmon farming in Scotland.

14 [Aberdeen City Region](#)

15 [Ayrshire](#)

16 [Edinburgh & South East Scotland](#)

17 [Forth Valley](#)

18 [Glasgow City Region](#)

19 [Tay Cities](#)

Theme 4 – Policies: Enabling The Ecosystem And Supporting Inward Investment Projects

Action 11: We will increase the number of people trained in Scotland in advanced digital skills from 4,000 to 10,000 every year. This creates a very strong credible proposition for Scotland to market internationally, as well as helping retrain and re-employ people losing jobs in other sectors. We will align with the actions relating to the skills agenda being developed as a consequence of the Logan Review recommendations.

What we have delivered to date:

- We have worked in close collaboration with Skills Development Scotland to pilot the Digital Skills Catalyst Fund. The fund is designed for companies that have a non-Scottish HQ and are seeking to create and safeguard jobs in Scotland.
- Highlights of the activities in 2021-22 included:
 - Three projects supporting diverse areas of digital development within the energy, food and drink and healthtech opportunity areas.
 - These pilot projects supported 60 employees to build capacity and capability within their existing businesses. Medium-to longer-term these projects will create further job opportunities for people living in Scotland.

What we will deliver next:

- We will support at least five projects in a further round of funding in 2022-23, that meet the criteria of the Digital Skills Catalyst Fund.
- We will review how Action 11 will be addressed with Scottish Government Digital Economy colleagues to ensure alignment where appropriate.
- We will include digital skills activity within our wider inward investment measurement and evaluation work.

Action 12: We will work with partner organisations to review the regulatory environment around the nine opportunity areas (restrictions and levers) to create the right enabling environment for investment projects and to attract inward investors.

What we have delivered to date:

- We are undertaking a gap analysis exercise to identify the key policy and regulatory levers that, if addressed, could drive better outcomes for specific large-scale strategic inward investment opportunities, including ScotWind, hydrogen and the space opportunity area.

What we will deliver next:

- We will develop a proposition paper that identifies 2-3 policy and regulatory levers to take forward. This paper will form the basis of Team Scotland collaboration.

Action 13: There are strong links between Scotland's University knowledge base, inward investment and innovation. We will support stronger ties between academia and industry in Scotland, by working with Universities to agree a collective approach to stimulating inward investment and innovation, including through the handling of IP.

What we have delivered to date:

- We have set up the Inward Investment Catalyst Fund (IICF), in conjunction with Interface, to target companies not yet located in Scotland which are seeking to establish stronger ties with Scottish academia.
- The IICF provides a number of awards of up to £10,000 for companies to partner with Scottish academia on a specific project. We have provided pilot funding for six projects in 2021-22 to companies headquartered in Europe, the U.S. and South Africa.
- Highlights from the pilot phase include:
 - OXLABS Ltd, in collaboration with Heriot-Watt University, is developing habitaHub, a home wellbeing monitoring service to support greater independence for those with assisted living needs. It is hoped that successful research will act as a springboard for the company to launch its operations in Scotland.
 - Evolve Hydrogen Inc – a U.S. green energy disruptor that is developing a novel bespoke polymer material which enables direct electrolysis of seawater without the need for desalination. This project will make use of the electrochemical engineering expertise at University of Strathclyde. If successful, this development could lead to the establishment of a Scottish manufacturing base to serve European markets.
 - Nutri-GoSA Pty is a South African company developing and distributing a sustainable, highly nutritious gluten-free and dairy-free sorghum based probiotic drink (Niselo), in collaboration with Abertay University. If successful, the company may look to invest in the production of their product in Scotland and to expand into the rest of the UK and European markets.
- The Quantum Computing Applications (Cluster) is a collaboration between the Universities of Edinburgh, Glasgow and Strathclyde, with the Scottish Government, Scottish Development International and Scottish Enterprise.
 - This project demonstrates how universities will use their resources to take a collaborative approach to responding to job generating inward investment opportunities moving beyond traditional industry-academia research partnerships.
 - The pilot phase has consisted of focused prospecting, identifying and co-ordinating engagement with potential industrial partners in the USA, resulting in a number of leads plus additional companies keen to pursue further dialogue.

What we will deliver next:

- Inward Investment Catalyst Fund: We will monitor the progress of the projects alongside Interface. Case studies will provide evidence of the value supporting businesses with this funding and the likelihood of successful inward investment outcomes in the future. We will provide funding for a further two phases, supporting around 10 to 12 projects in 2022-23.
- Quantum Computing Applications (Cluster): We are undertaking a review of the pilot phase of activity focused on prospecting/collaborative market engagement and consideration of next steps.

Action 14: We will focus on infrastructure that will enable inward investment decision making with our Infrastructure Investment Plan, which provides the strategic framework for the next 5 years' pipeline of projects and programmes, with expected value of around £32 billion over 5 years to support inward investment attraction. This investment will be targeted to boost inclusive economic growth, build sustainable places, and increase delivery of our climate and environmental ambitions.

What we have delivered to date:

- A National Mission with Local Impact: [Infrastructure Investment Plan for Scotland 2021-22 to 2025-26](#) was published in February 2021.
- The first annual progress report highlighted the second section of the A9 Dualling between Luncarty and Pass of Birnam was completed, improving connectivity between the Highlands and Islands and Scotland's central belt, and A77 Maybole Bypass was opened, a key transport link between Glasgow and the Central Belt to Ayrshire and south-west Scotland, amongst other projects and programmes.
- City Region and Growth Deals continue to fund a diverse range of successful projects.

What we will deliver next:

Highlights will include:

- The [Scottish Central Government Energy Efficiency Grant Fund](#), which was launched and which offers capital grant funding support to enable the delivery of decarbonisation projects across the public sector.
- £180 million capital funding was committed for the [Emerging Energy Technologies Fund](#) as part of the Climate Change Plan up to 2026. The fund will provide capital support over five years 2022 to 2026 to accelerate low carbon infrastructure projects that will be essential to deliver net zero.

Action 15: We will continue to invest in Scotland's digital infrastructure by investing in superfast broadband to extend superfast broadband access to 100 per cent of premises across Scotland.

What we have delivered to date:

- The Reaching 100% (R100) programme²⁰ is a commitment to provide access to superfast broadband of 30 Megabits per second (Mbps) to every home and business in Scotland. To date,²¹ the R100 programme has connected 13,261 premises.
- The programme is delivering future-proofed digital infrastructure that will underpin economic growth and transform the economic prospects of communities across Scotland. Through the R100 programme,²² we met our commitment to ensure that every home and business could access superfast broadband by the end of 2021.
- Work on laying 16 new subsea fibre cables to 15 Scottish islands through the R100 North contract is almost complete. These will provide gigabit capable, future-proofed, resilient connectivity to island communities for decades to come.

²⁰ [Delivering R100 - gov.scot \(www.gov.scot\)](#)

²¹ Figures as at 1 August 2022

²² £600 million R100 contracts, our R100 Scottish Broadband Voucher Scheme and continued commercial coverage. The vast majority of R100 contract build is fibre to the premises (FTTP), capable of delivering download speeds of 1,000 megabits per second (Mbps) – over 30 times faster than the superfast commitment of 30 Mbps.

What we will deliver next:

- Through the R100 rollout, we will continue to deliver superfast broadband and connect around 115,000 premises across Scotland.²³

Action 16: We will focus effort on promoting Scotland to inward investors as a global leader in the creation of a supportive environment for remote, distributed and local working, and aligned to the development of our Moving to Scotland resource.

What we have delivered to date:

- Initial research, commissioned by Skills Development Scotland, focused on the impact of remote working on inward investment, including international comparisons.
- SDI has developed a narrative for Scotland as a supportive destination for remote working which is being embedded into company propositions.
- We have supported new investors operating on a hybrid basis to establish operations in temporary flexible working spaces for initial team recruitment, before setting up a dedicated site as the team expands.

What we will deliver next:

- We will continue to gather insight and intelligence about the people planning of global companies through engagement with target companies and intermediaries. This will be used to inform Scotland's offer in supporting inward investment involving remote working models.
- We will position Scotland as a destination for digital talent, highlighting Scotland's quality of life, and globally recognised tech ecosystem.

Case Study 4: Bringing the Benefits of Inward Investment to Scotland's Wider Economy

New investor to Scotland, Yes Recycling, announced its plans for a state-of-the-art recycling facility in Glenrothes, Fife, with the creation of 60 jobs. An experienced recycler, Yes Recycling specialises in hard-to-recycle plastics including bank notes, POS garment hangers, printed packaging film and post-industrial and construction waste-streams, and the investment will see Yes Recycling lead the way in plastic processing around the world. Yes Recycling's plans for a new facility in Fife will not only provide a jobs boost to the region, but also support Scotland's sustainable, green ambitions.

23 [Delivering faster internet - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/publications/2022/01/delivering-faster-internet/)

Theme 5 – Measurement And Evaluation

Action 17: We will review the process used by our enterprise agencies to ensure the return on investment criteria encompasses both direct, and wider, spillover benefits in our economy.

What we have delivered to date:

- We have been developing a comprehensive measurement and evaluation framework to better capture Scotland's inward investment performance and spillover impacts, including:
 - Inward Investor Company Survey: to assess the impact of the inward investment support delivered to companies by our Enterprise Agencies.
 - Investor Case Study Analysis: as part of the survey, a series of in-depth interviews with investors are also being conducted to assess the spillover impacts of inward investment across our nine opportunity areas.

What we will deliver next:

- We will publish the outputs of this work which will give us a more complete picture not only of projects and jobs but also spillover impacts. The survey will be repeated to build on this baseline picture and ensure it captures Scotland's future inward investment performance.
- Results of the analysis will be combined with SDI and EY survey results, to inform future policy and delivery priorities to maximise inward investment opportunities and spillover benefits.

Action 18: We will benchmark our current response timescales against comparable international standards to understand where we can make improvements to remove any unnecessary barriers to inward investment.

What we have delivered to date:

- We have undertaken initial analysis of the role of financial incentives in attracting inward investment. This analysis has been on large financial incentives and benchmarking Scotland against several of its nearest competitors, Ireland, Northern Ireland, North West England and North East England.

What we will deliver next:

- Having undertaken initial analysis on the UK and Ireland, we will broaden out this analysis beyond financial incentives.
- We will review Scotland's recent FDI performance, benchmarking it against other small progressive European countries with broadly similar economic characteristics to Scotland, to identify areas of competitive advantage for Team Scotland.

Scotland on a Global Stage: World Forum for FDI

We collaborated with our key agency partners on the delivery of the World Forum for FDI, held in Edinburgh in May 2022. This international conference provided a forum for key inward investment decision makers to meet in person, discuss global location decisions for new projects and discuss key global trends.

The conference was attended by 300 delegates from 50 countries. Conference events ran over three days, including eight conference sessions focused on the different opportunity areas of the Inward Investment Plan.

Scottish Development International additionally delivered two site-tours focusing on energy transition, which included a visit to the Michelin Scotland Innovation Parc (MSIP) in Dundee, and healthtech, which included a tour of the Advanced Manufacturing Innovation District Scotland (AMIDS), including the Medicines Manufacturing Innovation Centre.

The Scottish Government hosted a roundtable in conjunction with EY and Agency Partners, attended by both the Minister for Business, Trade, Tourism and Enterprise and Lord Grimstone of Boscobel Kt, former Minister for Investment at the Department for International Trade and the Department for Business, Energy & Industrial Strategy. The roundtable was attended by a number of key existing inward investors and allowed us to consult on what more the government and its agencies can do to support and grow investment in Scotland.

Conclusion

Scotland continues to deliver a strong performance in attracting inward investment, cementing our position as the UK's leading destination outside of London. Our Inward Investment Plan gives us the clarity of focus and evidence base to continue to deliver these results. They add significantly to Scotland's national and regional economies and also create opportunities for Scotland's domestic businesses to grow and prosper. We will continue to work to reinforce our ambitions for Scotland to be a leading destination for inward investment aligned with our values as a nation, recognising that attracting businesses to invest in Scotland is a key driver of our long-term economic wellbeing and prosperity.



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