

## Scotland's Economic Strategy

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<b>Document reference number</b>	DHI+DDMMYY+doctype+000X <b><i>DHI080516S0022</i></b> <ul style="list-style-type: none"> <li>○ E = exploratory report</li> <li>○ L = lab report</li> <li>○ F = factory report</li> <li>○ S = summary document</li> <li>○ LR = literature review</li> <li>○ RR = research report</li> <li>○ MR = market research</li> <li>○ MAP = mapping</li> <li>○ V=video</li> <li>○ O= other</li> </ul>
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<b>Purpose of document</b>	Summarisation of documents of high importance for the Business Case
<b>Project detail (delete row if appropriate)</b>	(project name, project owner(s), dates, organisation(s) involved)
<b>Other detail (delete row if appropriate)</b>	

<b>Related projects</b>	Names and doc reference numbers
<b>Keywords</b>	Sustainable economic growth; increasing competitiveness; tackling inequality; Investing; Innovation; inclusive growth; internationalisation; One Scotland;

Name of Strategy:	Scotland's Economic Strategy
Date:	March 2015
URL:	<a href="http://www.gov.scot/Publications/2015/03/5984">http://www.gov.scot/Publications/2015/03/5984</a>  <a href="http://www.gov.scot/Resource/0047/00473597.pdf">http://www.gov.scot/Resource/0047/00473597.pdf</a>  (Summary doc)
Key words:	Sustainable economic growth, increasing competitiveness, tackling inequality; Investing, Innovation, inclusive growth, internationalisation; One Scotland
Why does this strategy exist? (what's the problem/opportunity this stems from)	International evidence shows that inequality has a negative impact on long-term economic growth and prosperity. The UK ranks as 29 <sup>th</sup> in terms of income inequality by OECD (6 <sup>th</sup> worse), Scotland would rank 20 <sup>th</sup> . The Scottish government wishes to make Scotland a more successful country through sustainable and fair economic policy by increasing competitiveness and tackling inequality.
Summary:	The strategy's aim is to make Scotland a more successful country for all through increasing competitiveness and tackling inequality.
Key goals and means to achieve them:	<ul style="list-style-type: none"> <li>The key goals for the strategy are to increase competitiveness and tackle inequality</li> <li>Aims underpinned by <b>four priority areas</b> linked to Scottish government key policies (<i>in brackets</i>):           <ol style="list-style-type: none"> <li><b>Investing</b> in people and infrastructures – key to driving long-term improvements in competitiveness and in creating opportunities for all. (<i>Education, skills and health</i> – supporting life-long and life-wide learning; <i>Infrastructure and digital</i> – ensuring physical and digital connectivity nationally and internationally; <i>Business investment</i> – helping businesses to grow and innovate; <i>Natural capital resource efficiency and low carbon</i> – protecting and nurturing Scotland's natural resources and supporting investments towards low-carbon economy; <i>Communities, local assets and housing</i> – investment in supporting local communities).</li> </ol> </li> </ul>

2. Fostering a culture of **Innovation** - fundamental driver of long-term competitiveness and sustainable growth. (*Business innovation and entrepreneurship* – encourage more businesses to engage in innovation and R&D as part of their day-to-day activities; *Workplace innovation and digital, commercialisation of research and development* – continuing to support the high-impact research of Scotland’s universities and improve levels of commercialisation of academic research & develop innovative approaches to progressive workplace practices with key partners; *Public services* – develop and deliver new approaches to public services and make better use of our public procurement to drive innovation.)
  
3. Promoting **inclusive growth** and creating opportunity through a fair and inclusive jobs market and regional cohesion – fairer society is a critical driver for improved economic performance over long-term. (*Fair work and Business Pledge* – addressing long-standing barriers to labour market and making the labour market sustainable and well-paid; *Promoting equality and tackling inequality* – tackling cross-generational inequality through e.g. improved child-care, by boosting attainment, increasing early years interventions, giving every child a good start; *Place and regional cohesion* – realising opportunities in towns and rural areas, relying on local knowledge and resources for delivering more equal growth)
  
4. **Internationalisation** - strengthening Scotland’s links with the global economy in order to increase trade, attract investment and share expertise: (*Trade, investment, international connectivity* – supporting Scotland’s entry to new markets and expansion of existing ones (EU, North America); *Global outlook, influence and networks* – encourage SMEs to export more; making Scotland an attractive place to invest in; Promoting Scotland’s international brand; use Scotland’s influence abroad to support our international ambitions, and to continue to make the case for Scotland to remain a member of the EU; publish an

	<p>International Framework, which will set the context for how the Government, its agencies and public bodies engage externally to promote Scotland and influence the world around us.)</p> <ul style="list-style-type: none"> <li>• Regardless of the many strengths of the Scottish economy (highly skilled workforce, reputation for innovation, international brands, strong sectors incl. food and drink, finance and business, life sciences, energy, tourism and creative industries) Scotland needs to continue to take action to reduce inequality. Evidence shows that inequality has a negative impact on long-term growth and prosperity.</li> <li>• Drivers for change: leadership, partnerships between the public sector, employers, the third sector and trade unions; Focussing on policies tailored around the four priorities; Aligning the whole public sector behind a common vision: One Scotland Partnership.</li> </ul>
Expected outcomes:	A fairer, more prosperous Scotland through increasing sustainable growth.
Key quotes:	<ul style="list-style-type: none"> <li>• Ranked 1<sup>st</sup> for inward investment outside London</li> <li>• 45.5% of those employed in Scotland have a higher or further education qualification (compared to 40.9% in the UK)</li> <li>• Highest output per head in the UK outside London and the south east.</li> <li>• International sales from Scotland’s oil and gas supply chain reached £10bn in 2012-13</li> <li>• Ranked third in Europe’s top 50 games developer locations</li> <li>• 4 Universities in the times Higher education world Top 200 in 2014-15 – more per head of population than any other country except Switzerland.</li> <li>• The value of Scottish Exports has grown 40% between 2007-2013 reaching £27.9bn in 2013</li> <li>• Already generating 44% of our electricity needs from renewables and a world leader in the fast growing green technology sector.</li> <li>• Scotland has the highest employment rate, lowest unemployment rate and lowest economic inactivity rate of all four UK nations.</li> </ul>

- Rising income inequality in the UK reduced GDP per capita growth by 9 percentage point between 1990-2010.
- Health inequalities and poor health outcomes reduce people's economic opportunities and have a negative impact on the country's overall economic performance. They can also place additional pressures on the public sector. Across the EU it is estimated that health inequalities resulted in economic losses of between 1.5% and 9.5% of EU 25 GDP per year.
- Reducing youth employment by 40% by 2021
- Increasing the percentage of employers recruiting young people directly from education to 35% by 2018.
- Aim to extend Digital Scotland Superfast Broadband (DSSB) programme to areas which are not being reached by the market alone, such as part of rural Scotland. As a result of this investment, at least 95% of premises across Scotland will be able to access fiber broadband by the end of 2017.
- Scotland CAN DO programme is supporting initiatives towards becoming a world-leading entrepreneurial and innovative nation.
- Innovation is the fundamental driver of long-term competitiveness and sustainable growth. It encompasses the development of new processes, products, services, workforce design and business models.
- Investment in R&D is a key indicator of the level of innovation in a country. In 2012 Scotland HE R&D expenditure as a percentage of GPD ranked first of the 12 countries and regions of the UK. Scotland was 4<sup>th</sup> of the OECD. However, business expenditure remains low in Scotland, equivalent to 0.6% of GPD in 2012. Comparable countries such as Finland and Sweden spend nearly four times as much as a proportion of GDP
- The 2014 Research Excellence Framework identified 77% of Scottish university research as world leading (four stars) or internationally excellent (three star), while 86% was assessed as 4 or 3 stars by impact.

	<ul style="list-style-type: none"> <li>• Scottish exports to the rest of the UK were worth £46.2bn in 2013, whilst export sales to the rest of the world were £27.9 (excluding oil and gas)</li> <li>• Most of the exports go to EU and North America (62%)</li> </ul>
Parent/child document (of what)?	Parent at least to Scotland's Trade and investment Strategy