



Scotland's National Strategy
for Economic Transformation

Delivery Plans

October 2022



Delivering Economic Prosperity



Scottish Government
Riaghaltas na h-Alba

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Introduction

The National Strategy for Economic Transformation (NSET), published in March 2022, set out the need for a new culture of delivery where partners come together as 'Team Scotland' to deliver the actions needed to transform the Scottish economy. This includes ensuring that business joins us in our pursuit of the strategy's ambition of a fairer, wealthier and greener country, with many of the projects supporting the priorities set out in the landmark agreement with the Scottish Green Party.

A key commitment in NSET was to publish delivery plans setting out how we will work with partners to implement the strategy.

The next 10 years will be a period of incredible change and extraordinary opportunity. However, as the past few years and months have illustrated, with a Brexit deal agreed by the UK Government that removes Scotland from the European Single Market, hitting jobs and the economy at the worst possible time; COVID-19; the economic and inflationary consequences of Russia's invasion of Ukraine; and the economic turmoil we are currently experiencing as a result of recent UK Government policy announcements, economic conditions can change rapidly.

In response to the cost crisis and immediate challenges facing households and business we have engaged with a wide range of businesses and sector organisations to understand their needs, and we will do all we reasonably can to support them through these challenging times. However, we have also been clear that the fiscal constraints of devolution mean that most of the levers needed to address this crisis are reserved and we will continue to relentlessly press the UK Government to take the action that is so urgently needed.

Our recently published independence economy prospectus 'Building a New Scotland: A stronger economy with independence', sets out how with independence we can build greater prosperity over the long term, making the economy work for everyone and preventing further economic damage being inflicted by Westminster governments.

The causes of the current crisis and the uncertainty created by the UK Government in recent weeks only strengthen the need for us to take action now to transform our economy: seizing the opportunities of meeting our Net Zero ambitions; building economic resilience, with Scottish businesses taking full advantage of new supply chains; and ensuring that our education and skills systems support people to adapt to a rapidly changing economic environment. So, while delivery plans for our six economic programmes prioritise and bring forward actions to support people and businesses through this crisis, the programmes we set out in the Economic Strategy in March remain the right foundations upon which to transform the Scottish economy over the next 10 years. Through a phased approach we will also be able to adapt to changing economic and fiscal circumstances as well as evidence of what will make the biggest difference.

It will be vital that the NSET delivers for the whole of Scotland. These delivery plans take full account of regional circumstances, especially in rural and island areas which face particular challenges. All NSET activity is looked at through a rural and island lens to ensure this happens. And our commitment to Community Wealth Building legislation will support us in tackling economic inequality in urban and rural Scotland

While these plans have been developing alongside delivery partners over the past 6 months, significant progress has also been made in delivering the six NSET programmes:

- **Entrepreneurial People and Culture programme:** we have appointed Mark Logan as the Scottish Government's first ever Chief Entrepreneur to encourage an entrepreneurial mind-set in every sector of the economy; we launched CivTech 7 and extended the CivTech International Alliance; CodeBase has been awarded the contract for delivering the Tech Scaler hubs, to be in place from November 2022;
- **New Market Opportunities programme:** we have launched a £10 million Hydrogen Innovation Scheme to support the development and demonstration of renewable hydrogen technologies and products; all 17 successful ScotWind applications have option agreements

in place; we have announced signatories of the Scottish Offshore Wind Energy Council Collaborative Framework; we have expanded our Trade and Investment Envoys to the United States and London; we published our Scottish Hydrogen Investment Proposition; we have published and are delivering our Technology Sector Export Plan;

- **Productive Businesses and Regions programme:** we have extended the work of the Productivity Clubs led by the Scottish Council for Development and Industry (SCDI), started the procurement process for the Digital Productivity Loan; signed the contract for delivery of the Digital Productivity Pilot programme and completed the Regional Economic Strategy Review which will enable us to embed regional partnerships and priorities at the heart of economic development;
- **Skilled Workforce programme:** we published the National Strategy on Adult Learning in May; progress has been made in taking forward actions on talent attraction and retention with our Industry Advisory Group; in response to the Scottish Funding Council Review, we published the scope and approach to the Purpose and Principles for post-school education, research, and skills, ahead of planned publication of the final Purpose and Principles in Spring 2023; our commitment to publish an update to the Climate Emergency Skills Action Plan by end of 2023 was announced in Programme for Government 2022; an independent review of the Skills Delivery Landscape, led by James Withers, was launched in September 2022; we established a Shared Outcomes Assurance Group for delivery of the [Shared Outcomes Framework](#) projects including Pathfinders by the Scottish Funding Council and Skills Development Scotland; a Skilled Workforce Programme Board has been established and met for the first time in early October; a cross-Ministerial Skills Working Group has been established; and we have launched and evaluated the Skills Action Plan for Rural Scotland to tackle the particular skills shortages amongst workers in rural areas;
- **Fairer and More Equal Society programme:** we published the contract notice for the National Civil Engineering Framework, a flagship procurement programme demonstrating our commitment to the real Living Wage;

- **A Culture of Delivery programme:** we established the new NSET Delivery Board and set out strategic guidance to agencies aligned with NSET priorities; we developed a new Wellbeing Economy Monitor which was published in June; we established the new Centre of Expertise in Equality and Human Rights, which was announced in May; a new Economic Strategy Directorate was established in the Scottish Government; the Resource Spending Review committed to investing almost £880 million to support the economy.

These delivery plans set out the phases of delivery, recognising the different nature of the actions needed to transform our economy. As a result, there is rightly more short-term detail with the plans setting out the steps to be taken to deliver longer-term commitments. The plans represent a 'point in time' and as such will remain dynamic and flexible, and will be updated throughout the lifetime of the 10 year strategy. To reflect the various stages of NSET delivery, we have set out the four NSET delivery phases which are referenced to across this document:

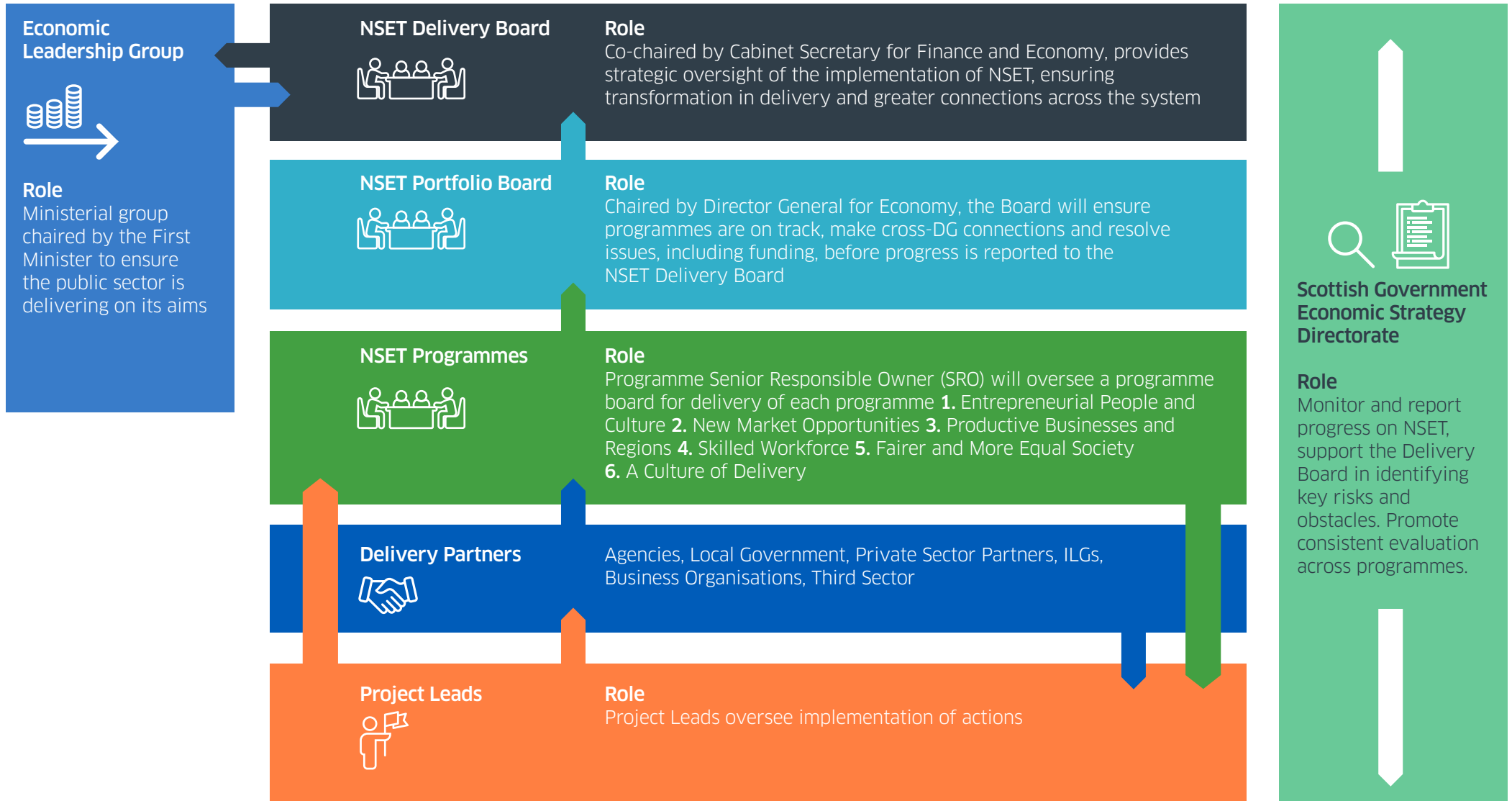
- Phase 1: DELIVERED – What we have delivered to date
- Phase 2: IN DELIVERY – What is already underway/What we are already doing
- Phase 3: DELIVERY PENDING – What we are planning to deliver
- Phase 4: IN DEVELOPMENT – What we are developing or planning/beginning to develop

These programme plans demonstrate the progress we have made and how we plan to maintain this momentum in delivering the strategy. We are sincerely grateful to our partners in the public, private, third sector and trade unions who have played a key role in the delivery of this Strategy to date, and who we will continue to work hand in hand with as we progress with this national endeavour.

Governance

At the same time, we have put in place robust governance structures to successfully and collectively deliver the interconnected programmes of action set out in NSET and transform the way in which the Government and business listen to, support and work with each other.

Diagram 1: Summary of NSET governance arrangements



The NSET Delivery Board, co-chaired by the Cabinet Secretary for Finance & Economy and Barry White, is responsible for ensuring the successful delivery of the interconnected policy programmes of action set out in the national strategy.

The Economic Leadership Group, chaired by the First Minister, will ensure the public sector is delivering on its contribution to the strategy and provide ultimate political accountability for NSET. The Group brings together the Cabinet Secretaries directly responsible for delivering key parts of NSET and the COSLA President given local government's crucial role as a delivery partner for NSET.

Beneath the NSET Delivery Board sits the NSET Portfolio Board. Chaired by the Scottish Government's Director General Economy, the Accountable Officer for NSET, its role is to ensure programmes are on track, make cross-portfolio connections and resolve issues before progress is reported to the NSET Delivery Board.

Each NSET programme has a Senior Responsible Owner (SRO) who is responsible for the successful delivery of the programme. The SROs have put in place appropriate governance arrangements to track progress, address issues of delivery and ensure a collaborative 'Team Scotland' approach where key partners are involved in both the design and implementation.

Measuring Success

As set out in NSET, monitoring our progress on delivery is absolutely key to our success. These plans, therefore, also include the metrics we will use to monitor the extent to which the strategy is successfully transforming the Scottish economy. Progress on these metrics, along with other key data and evidence, will be reported annually to the NSET Delivery Board to continually test whether the actions within the strategy are having the impact necessary to transform the Scottish economy, and where necessary, the programmes and their delivery plans will be revised to ensure we remain on track to achieve our ambitions for a wellbeing economy.





We have identified a number of measures across the NSET programmes which will allow us to: (1) quantify our impact in achieving the overall vision for NSET; (2) track the wider economic context; and, (3) ensure delivery of NSET actions.

Our high level 'measures of success' are presented below. These are representative of the key areas where NSET seeks to shift the dial and were selected based on: (1) the detailed NSET evidence base which underpinned creation of the strategy itself; (2) mapping of priority NSET actions to outcomes; and (3) ongoing engagement with programme leads, delivery partners, the NSET Portfolio and Delivery Boards.

The indicators are complementary to those in the Wellbeing Economy Monitor and the National Performance Framework¹ (indeed where appropriate we have used the same measure). The Wellbeing Economy Monitor² (WEM) provides a baseline for assessing progress towards the development of a wellbeing economy in Scotland. The monitor is based on the National Performance Framework's monitoring of wider societal wellbeing, with the aim of broadening how we measure economic success.

1 [National Performance Framework | National Performance Framework](#)

2 [Wellbeing economy monitor - gov.scot \(www.gov.scot\)](#)

Vision	A Wellbeing Economy				
Ambition	Fairer Palma ratio* Regional inequality in GDP per head		Wealthier Real GDP Income tax receipts Working age population		Greener GHG emissions* Natural Capital*
Programmes of Action	 <p>Entrepreneurial People and Culture</p> <ol style="list-style-type: none"> 1. Early-stage entrepreneurial activity 2. Number of businesses surviving (3yrs) 3. Number of high growth registered businesses 4. Number of spin-offs 	 <p>New Market Opportunities</p> <ol style="list-style-type: none"> 1. Level of capital investment* 2. Exports (as a share of GDP) 3. Number of green jobs 4. Number of inward investment jobs 	 <p>Productive Businesses and Regions</p> <ol style="list-style-type: none"> 1. Productivity (GVA per hour worked) 2. Business R&D spend 3. Proportion of businesses that are innovation active 4. Digital skills in businesses 5. Social enterprise GVA 	 <p>Skilled Workforce</p> <ol style="list-style-type: none"> 1. Skills shortages (reported by businesses) 2. Number of young people participating in education, training or employment* 3. Number of people with low/no qualifications* 4. Skills utilisation 5. Job related training 	 <p>A Fairer and More Equal Society</p> <ol style="list-style-type: none"> 1. Number of workers earning above real living Wage* 2. Employment rate 3. Gender pay gap* 4. Disability employment gap 5. Employee voice 6. Number of workers in contractually secure employment

Indicators will be disaggregated where possible to capture a range of characteristics (e.g. demographic, geography, sectors) to provide insight into cross-cutting issues and themes.
 * - measure is consistent with that used in the Wellbeing Economy Monitor

The indicators will be disaggregated where possible to capture a range of characteristics (e.g. demographic, geography, gender, sectors) to provide insight into cross-cutting issues or to show how the experience of NSET activity may differ between groups or regions in Scotland. This will include a focus on Scotland’s rural and island areas, which face particular challenges and opportunities.

As the detail on programme delivery refines or changes across the 10 year delivery programme, and as we continue our engagement with delivery partners and stakeholders to better understand impacts, we will be flexible and continue to develop the measures. In some cases this may mean that there are more detailed programme level measures which allow for greater input and ownership at programme delivery level. These programme level measures need not be identical to the high level ‘measures of success’

- but we will ensure that they are compatible, complementary and aligned to programme delivery.

Additionally, it is expected that some measures will be impacted by the activity of more than one programme. For example, activity to increase exporting or levels of inward investment (Programme 2) would also be expected to improve productivity (Programme 3). We will draw out this nuance and the inter-connectedness of actions and impacts as part of our annual reporting.

Finance

The Scottish Government's Resource Spending Review (RSR), published in May 2022, set out the high level parameters for resource spending to 2026-27 and outlined our spending plans to deliver Programme for Government and Bute House commitments. Since the publication of the RSR in May, the cost crisis has meant that Scotland has faced both a significant reduction in the Scottish Government's spending power alongside the impact of the cost crisis on households, families, businesses, public services and the third sector. These restrictions both limit the Scottish Government's ability to respond to the cost crisis in-year, not least due to restrictions on borrowing powers, but also present challenges in future years. Those challenges are not just restrictions on overall expenditure, but also uncertainty over expenditure plans in the future, exacerbated by UK-wide economic and political volatility. Given this context, we are by necessity consistent with good practice prioritising and developing NSET projects which can support the cost of living crisis in the short-term, as well as NSET projects that are well developed and will be the biggest contribution to sustainable and inclusive economic growth.

NATIONAL STRATEGY FOR ECONOMIC TRANSFORMATION (NSET) DELIVERY PLAN

Programme 1: Entrepreneurial People and Culture

Outcomes & Objectives

There is strong evidence that new, high growth companies deliver disproportionate economic impact. They are significantly more productive and innovative than average, pay more, are highly absorptive of skilled labour and radiate innovation to their customers and supply chains – driving job creation and wage growth beyond their own businesses.

For these reasons, the aim of the programme is to establish Scotland as a world-class entrepreneurial nation with a much stronger pipeline of scaling businesses and founded on a culture that encourages, promotes and celebrates entrepreneurial activity in every sector of our economy.

Although these outcomes are only deliverable in the longer-term, it is also the case that investment in entrepreneurialism will realise benefits on a sliding scale. Positive impacts in relation to mitigating the current cost crisis will begin to be seen in smaller pools of businesses in shorter time, broadening out thereafter to embed resilience and growth more deeply over the life-cycle of this Strategy.

Projects

Project 1: Embed first rate entrepreneurial learning across the education and skills systems by promoting the best available project-based entrepreneurial learning across the school and post-16 education curricula. This means building new partnerships between business and our education system, offering schools, colleges and universities a network of relationships with high-quality start-ups and individual entrepreneurs, providing young people with inspirational mentors and role models. This work will focus initially on schools in areas of multiple deprivation. It means embedding entrepreneurship in the Young Person's Guarantee, adapting the apprenticeship system to make it work for start-ups and early stage scale-ups, and working with the university and college sector to build entrepreneurial campus infrastructure.

Project 2: Create major, new world-class entrepreneurial infrastructure of institutions and programmes providing a high intensity pathway for high-growth companies, expanding the scope of the current tech-scaler programme to become 'start-up scalers', world-class incubation and developmental environments for all high growth start-ups; supporting this network through the creation of a national system of 'pre-scaler hubs' to stimulate the early stages of high growth entrepreneurship and provide the expanding scaler network with a steady supply of promising new businesses; developing and aligning private sector incubators within our national entrepreneurial infrastructure; and, in doing all of this, focussing rigidly on the need to ensure barrier-free access to support programmes for under-represented groups.

Project 3: Attract and retain the very best entrepreneurial talent from at home and abroad,

making the best use of international networks and diaspora to attract talent and investment; leveraging Scotland's strength in corporate sectors (such as financial services) in order to develop innovative, industry-led pathways to redirect talent into building new companies; building strategic partnerships with ecosystems in other countries to create company exchange programmes, new commercial partnerships and international trade opportunities for Scottish businesses; and supporting universities to attract entrepreneurial students from around the world by providing post-education pathways that help retain their expertise.

Project 4: Build an entrepreneurial mind-set in every sector of our economy,

expanding the application of entrepreneurial thinking and approaches to public service reform; ensuring people working in the public and third sectors have an opportunity to undertake entrepreneurial training as part of their ongoing professional development; building on the success of our CivTech programme by leveraging public procurement to stimulate more business start-ups and support Scottish scale ups; making engagement with CivTech a mandatory part of the way in which the big change programmes of Government are delivered; proactively promoting business start-up opportunities to those at risk of redundancy through the Partnership Action for Continuing Employment (PACE) programme; and implementing metrics to reward entrepreneurial approaches and activity within public sector bodies.

Measurement**Measures of success will include:**

- Early stage entrepreneurial activity [TEA rate as calculated by GEM]
- Number of businesses surviving (3 years) [new businesses identified through the registration of administrative units (VAT & PAYE)]
- Number of high-growth registered businesses [enterprises with average annualised growth greater than 20% per annum, over a three year period. Growth can be measured by the number of employees or by turnover]
- Number of spin-offs
- Evaluation of individual projects

As specific projects are developed we will consider what further measures can be put in place, for example around skills, that will enable us to track progress and impact against identified outcomes.

NSET Phase: Delivered by 31 October 2022**Project 1:**

Since the publication of NSET, we and Scottish Enterprise have:

- Given support to the Bridge to Business and Scotland's Enterprising Schools programmes, both delivered by Young Enterprise Scotland, and to the Prince's Trust Scotland enterprise programme.
- Included entrepreneurship within the Young Person's Guarantee as part of our work to embed first rate entrepreneurial learning across the education and skills system and provide parity of esteem between enterprise and other positive destinations.
- Convened a Steering Group which now meets every six weeks, and updated the Young Person's Guarantee website to include 'enterprise opportunities'.
- Taken forward various strands of work under the Scottish Technology Ecosystem Review Programme, to support educational 'funnel-wideners'. These include:
 - The establishment of a teacher-led organisation (Scottish Teachers Advancing Computing Science or 'STACS') to deliver pedagogical improvements to computing science education and the upskilling of computing science teachers.
 - £2 million invested in computing science hardware in schools.
 - Development of a plan for a pilot programme of teacher up-skilling improvements, to be delivered in the Aberdeen City Council local authority area.

Project 2:

Since the publication of NSET, we have:

- Appointed Professor Mark Logan as Chief Entrepreneur, alongside his ongoing work as chief adviser to the STER Programme.
- Delivered £20 million of direct investment and £70 million of private sector leverage into Scottish companies through Scottish Enterprise Growth Investments.
- Formed a strategic partnership with Smart Things Accelerator Centre (STAC) providing support to a new cohort of companies specialising in the internet of things.

- Worked with Young Enterprise Scotland, Women's Enterprise Scotland, Mint Ventures and Investing in Women to support women and young people to access entrepreneurial opportunities.
- Made plans for arrangements to support Professor Logan in his Chief Entrepreneur role.
- Agreed a contract worth £42 million over 5 years with CodeBase to deliver Scotland's Tech Scaler network. Tech Scalars are a major piece of infrastructure designed to support the creation of more tech start-ups in Scotland, and to help them to grow to scale. This project is foundational to the success of Programme 1.
- The Tech Scaler contract will see £42 million invested into core infrastructure and support services. This anchor investment will complement and strengthen the already significant investment flowing into the ecosystem via the public and private sector.
- Through this new contract, we will now be able to provide long-term incubation space and world-class support including intensive founder team education, access to the "market-square" and expert mentorship to equip teams with techniques needed to grow their companies successfully.
- CodeBase has an outstanding track record as a tech scaler incubator, starting Europe's largest tech incubator and broadening to Aberdeen and Stirling.
- The network will act as a focal point for investors from outside Scotland to understand the opportunities available here in our ecosystem and will provide a platform on which to integrate additional reinforcing capabilities, for example, internationally renowned accelerator programmes and talent attraction. We are working closely with Scottish Enterprise to maximise the impact of this new network.

Project 3:

Since the publication of NSET, we have:

- Published a 'Statement of Requirements' for a contract to provide marketing and branding for international audiences. Successfully tendered a short-term contract, to provide marketing and branding support.

Project 4:

Since the publication of NSET, we have:

- Launched an internal transformation programme which will consider, amongst other things, embedding entrepreneurial thinking and techniques into the way that we work.

NSET Phase: In Delivery**Project 1:**

- Publish the findings of the independent whole system review of the women in enterprise support landscape and barriers facing women in enterprise which is being led by Ana Stewart. The review was launched in February 2022 and is expected to report by early 2023. The review's recommendations will inform the development of future policy and interventions.
- Progress the work currently underway to develop an enterprise resource pack to provide more information to Developing Young Workforce co-ordinators and educators.
- Commence regional information delivery sessions.

Project 2:

- Progress the mobilisation period for the Tech Scaler contract to a successful conclusion, to stand up 6 of the 7 Hub locations from 1 November.
- The new network will cover seven sites including Glasgow, Dundee, Inverness and Dumfries and will work with core delivery partners like Barclay's Eagle Labs, ONE and others. A seventh Hub (Dumfries) will be activated at a later date, once there is more clarity on likely demand and requirements. Services in a Tech Scaler will also be fully available virtually.
- To qualify for tenancy in the Tech Scaler network, start-ups pass an assessment process. Tech Scalars also include a "market square" environment, which provides tech meet-ups and other events so founders can learn from each other, and build a sense of community and shared experience.

Project 3:

- Deliver the branding and marketing strategy that is currently under development and which is expected to be delivered by Autumn 2022.

NSET Phase: Delivery Pending**Project 1:**

- Following the completion and publication of the Stewart Review on women's entrepreneurship, a response to its recommendations will be developed.
- Work with partners including Young Enterprise Scotland and in the education sector to create stronger links between education and enterprise in school/employer engagement, including through creating links between the careers service and enterprise activity.

Project 2:

- Deliverables under this project are deeply connected to the success and growth of tech-scaler network.
- There are many different ways to conceive and deliver the services required by the Project brief, and it may be the case that different solutions and partners will be appropriate for different areas and sectoral domains.
- This means that, between 2022 and Spring 2024, we will complete the next stage in this Project, which will be to define the key minimum attributes for each new service required, e.g. challenges support must address, links to key networks, access to the tech-scaler/start-up scaler bank of commercial education and links to investors.
- This is commonly referred to as a 'discovery phase' and will involve extensive user research, consultation and collaboration with stakeholders.

NSET Phase: In Development

- The Programme is presently operating at full capacity to deliver the very substantial commitments made in relation to standing-up the new tech-scaler network, work on the Stewart Review, establishing the Office of the Chief Entrepreneur and developing the branding and marketing strategy.
- Successful delivery of these commitments is fundamental to the success of Programme 1 and we will therefore commence design on other actions once we are confident that these foundational commitments are in place.

Development to begin

Project 1:

- Develop entrepreneurial learning pathways in educational settings.
- Establish a network of role models to engage with school and post-16 education curricula.
- Increase the number of talented early stage company founders by leveraging Scotland's strength in large corporate sectors (e.g. financial services) especially those with a deep experience of large corporate businesses and their need for innovation.
- Increase the number and diversity of entrepreneurs choosing to establish businesses in Scotland.
- Ensure there are clear and effective post education pathways to entrepreneurship.

Project 2:

- Establishment of Entrepreneurial Campuses.
- Launch of Pre-Scaler Hub Network, creating a new form of business support for prospective high growth company founders.
- Expansion of existing Tech Scaler Network to other sectors.
- Improvements to better develop and align private sector incubators.
- Actions to attract world's best private sector accelerators to Scotland.

Project 3:

- Development of innovative pathways to redirect talent into building new companies.
- Development of strategic partnerships with ecosystems in other countries.
- Creation of new, company exchange programmes, commercial partnerships and opportunities for international trade.
- Development of post-education pathways, to help Universities and Scottish ecosystems more widely retain the skills and expertise of international students.

Project 4:

- Ensure people at risk of redundancy are provided with the best possible advice and support to start their own business.
- Develop more detailed proposals on the involvement of CivTech and its underpinning methodology in major public service reform.
- Provide access to effective entrepreneurial training to key staff in the public and third sectors, ensuring that the benefits of entrepreneurial thinking and approaches are reflected in the outcomes generated by these sectors.

Working with Stakeholders & Partners

Who are we relying on for delivery of the programme?	Who are we involving and how (partners/stakeholders)?	Who and where will benefit (people, places and sectors)?
<ul style="list-style-type: none"> • Education Scotland • Local authorities • Educational institutions • Businesses/corporates/entrepreneurs • Enterprise & Skills agencies/ Business Gateway • Scottish Funding Council • Young Enterprise Scotland • Prince's Trust • Converge Challenge • Pre/tech scalers 	<ul style="list-style-type: none"> • Universities Scotland • Colleges Scotland • Chief Entrepreneur • 'Ecosystem' members – Start-Up Grind, Future X, Entrepreneurial Scotland, Turing Fest etc. • EDGE Scotland • Hunter Foundation • Unions • Social Security Scotland • UK Government 	<ul style="list-style-type: none"> • Students • Entrepreneurs • All regions • All sectors

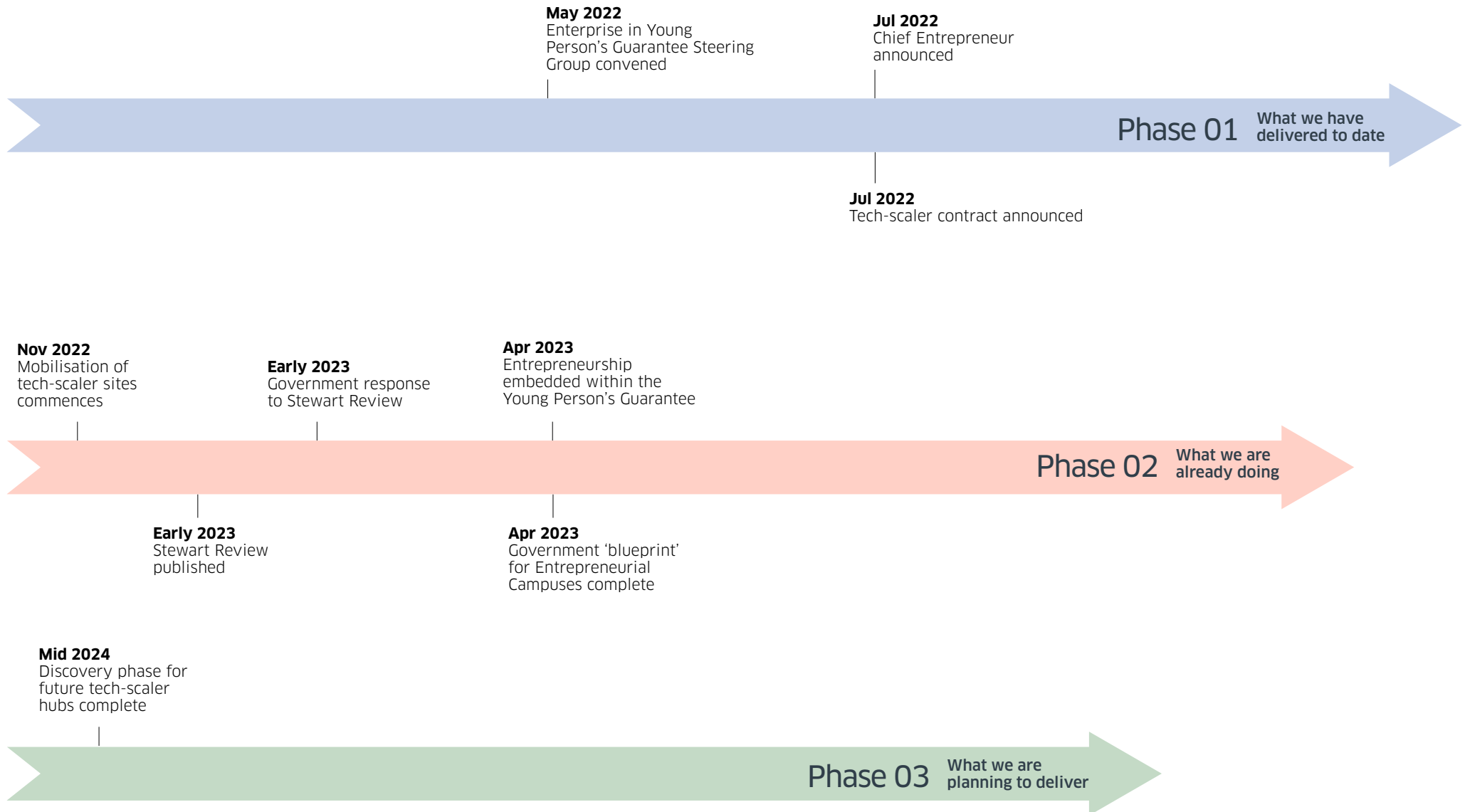
Governance

A Programme Delivery Board has been established, consisting of senior figures responsible for implementation, the Chief Entrepreneur, representatives from the entrepreneurial ecosystem and local government. In addition, each of the projects will be accountable via project leads, delivery partners, NSET Programmes, the NSET Portfolio Board and, ultimately, to the NSET Delivery Board.

Programme 1 Entrepreneurial People and Culture

Delivery phased timeline

This timeline provides the pipeline of activity and planned milestones as it stands. As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.



Chief Entrepreneur announced: [Appointment of Chief Entrepreneur - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Tech-scaler contract announced: [Inspiring a new generation of tech entrepreneurs - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Programme 2: New Market Opportunities

Outcomes & Objectives

Our aim is to strengthen Scotland's position in new markets and industries, generating new, well-paid jobs from a just transition to net zero.

The New Markets Programme seeks to capitalise on Scotland's strengths in areas such as renewable energy and hydrogen, financial services and fintech, space, industrial biotech and high value manufacturing to grasp new market opportunities. We will deliver on each of the individual projects and actions outlined below. However, at a Programme level our primary focus is on bringing these projects and associated work together as a coherent whole to support and accelerate Scotland's transition to net zero and to maximise the domestic and international economic opportunities and impacts arising from it.

Global supply chains are still to recover fully from disruptions due to the COVID-19 pandemic, with the war in Ukraine adding to disruptions of global supply chains. This along with disruption to established trading relationships is challenging for business but also provides opportunities for competitive Scottish businesses to enter new markets – both domestic and international, providing growth opportunities.

Projects

The New Markets Programme consists of the following projects:

Project 5: Build on Scotland's strengths to win an ever greater share of domestic and international market opportunities. Underpinned by our Vision for Trade, this focuses on (1) delivering our Export Plan by taking a targeted sector and country approach to raising the GDP share of Scotland's international exports to 25%; (2) delivering our Inward Investment Plan to attract investment in sectors and opportunities where Scotland has strong advantage and where there is potential for positive spill-over impacts to the wider economy; and (3) through the forthcoming Innovation Strategy, promoting Scotland as an innovative test bed for new technologies and markets, and increasing business Research and Development in the sectors with the greatest economic opportunity.

Project 6: Realising Scotland's potential to be a leading hydrogen nation, delivering Scotwind and wider renewable energy developments, and supporting the development of Scottish green supply chains, laying the foundations of a Net Zero Industrial Strategy. This focuses on investing to support renewable hydrogen production; delivering Scotwind and associated supply chain opportunities; and expanding our Supply Chain Development Programme to improve the capacity, capability and development of Scottish supply chains, and mitigate the impact of rising energy costs.

Project 7: Attract and deploy significant domestic and international private investment in Scotland.

This focuses on delivering our Global Capital Investment Plan to stimulate investment in business growth and capital projects and, in particular, on establishing an Investor Panel; improving access to private capital for business investment and growth; expanding and enhancing our green investment Portfolio; and establishing a values-led, high-integrity market for responsible private investment in natural capital.

We will also work on our strategic approach to public ownership so that public companies are managed, developed and initiated for the public good.

Measurement

Our programme management approach to the delivery of New Markets work enables us to track progress against key actions and milestones. This is supported by more detailed 'below the waterline' project management arrangements for each action.

The following targets and indicators will be used to measure success:

Project 5:

- Increase Scotland's international exports as a % of GDP from 20% in 2019 to 25% by 2029.
- Increase the £ value of international exports on each rolling 3 year basis.
- Safeguard and/or create 100,000 direct and indirect 'good jobs' over the period 2020-30 by attracting and retaining inward investment.
- Measures and targets for business Research and Development spend and innovation will be set in the forthcoming Innovation Strategy.

Project 6:

- Produce 5 GigaWatts of hydrogen by 2030 (supported by the five year £180 million Emerging Energy Technologies Fund).
- 27.6 GigaWatts of electricity coming on stream through 20 wind farm projects from 2027 over a 10 year period. Realise a minimum of £25 billion of supply chain investment through Scotwind.
- Increase the number of direct and indirect jobs in Scotland's renewables sector.

Project 7:

- Investment by and private sector leverage in early stage growth and scale-up businesses through the Enterprise Agencies and the Scottish National Investment Bank.
- Investment by and private sector leverage in capital projects by the Enterprise Agencies and Scottish National Investment Bank.
- Increase the value of Scotland's Green Investment Portfolio from £2 billion to £3 billion.
- By the end of 2025/26, the project pipeline for nature-based solutions will have increased in size and demonstrate clear models for returns.

NSET Phase: Delivered by 31 October 2022**Project 5:**

Since the publication of NSET we have:

- Established a new Ministerial Trade Board with an updated remit and industry-led membership to reflect the key priority sectors in our Export Plan and NSET.
- Established with industry a Tech Export Delivery Group to oversee and drive delivery of the newly published Tech Sector Export Plan.
- Published the first Annual Report on Scotland's Vision for Trade showing how we are putting the principles of the Vision for Trade into practice through, for example, ending overseas support for fossil fuel goods and services, and taking practical action to make it easier for businesses to access international markets.
- Confirmed, through the EY International Attractiveness Survey and for the ninth year out of the last 11, Scotland's position at the best location for inward investment in the UK outside London.
- Delivered a successful Foreign Direct Investment World Forum event in Edinburgh attracting 377 international delegates and showcasing Scotland's inward investment offer on the international stage.
- Launched Phase 2 of the Inward Investment Catalyst Fund to attract businesses to invest in Scotland by establishing partnerships for research and development with universities.
- Increased the number of Trade and Investment Envoys from 6 to 11.
- Begun, with industry, academia and public sector partners, to develop a new Innovation Strategy for Scotland.
- Published progress reports on delivery of our Export and Inward Investment and Plans and an Inward Investment Values Statement.

Project 6:

Since the publication of NSET we have:

- Continued to take forward the actions set out in our November 2021 draft Hydrogen Action Plan.
- Launched a £10 million Hydrogen Innovation Scheme to support the development and demonstration of renewable hydrogen technologies and products needed to support the Scottish Government's ambition of 5 GigaWatts installed hydrogen production capacity by 2030.
- Completed with public and private partners in Scotland and Germany the Scot2Ger study which examined the German demand for zero-emission hydrogen and how it might be met by Scottish producers of green hydrogen.
- Confirmed through Crown Estate Scotland that all 17 successful ScotWind applicants have option agreements in place. This means that each project can move into the development stage.
- Published Supply Chain Development Statement Summary documents for all 17 Scotwind projects.
- Undertaken a programme of bi-lateral Ministerial engagements with all 17 successful projects.
- Announced signatories of the Scottish Offshore Wind Energy Council Collaborative Framework - 24 organisations, representing almost 25 GigaWatts of ScotWind projects with an estimated value of £1.5 billion per GigaWatt have agreed to work together in the development and delivery of the Collaborative Framework, working jointly together to review the pipeline of Scottish offshore wind projects and identify ways to maximise how they work with Scottish ports to share capacity and space and also help underpin new investment.
- Hosted the Offshore Wind Supply Chain Summit in August 2022.
- Hosted the Scottish Hydrogen Supply Chain Conference at the Edinburgh International Conference Centre in September 2022 and jointly hosted a Germany/Scotland Hydrogen Conference in Berlin in October 2022.

- Launched the £25 million Low Carbon Manufacturing Challenge Fund to help Scottish manufacturing companies develop low carbon products, processes or services.
- Published the Blue Economy Vision for Scotland which includes six outcomes for our marine environment, for people and our economy up to 2045.
- Provided consolidated energy efficiency advice to businesses on the Find Business Support website to help mitigate the impact of the energy cost crisis.
- Announced funding of more than £50 million through the Just Transition Fund to support the transition of the North East and Moray away from fossil fuels and towards a low-carbon economy. The funding will support 22 projects ranging from the production of green hydrogen, the development of wave and tidal technology to pioneering the use of waste from whisky to recycle EV batteries.

Project 7:

Since the publication of NSET we have:

- Continued to invest in business growth through our Enterprise Agencies and the Scottish National Investment Bank.
- In May, Scottish Enterprise announced that through investment of more than £770 million in early stage companies since 2003 it has unlocked more than £2 billion of private sector investment. More than 600 innovative young companies have benefitted from the growth funding activity, with many excelling in areas of future economic opportunity such as digital health and net zero.
- Established a cross-Government, cross-agency Programme Board and associated workstreams to deliver our ambition for investment in natural capital.
- Through the publication, in May 2022, of Interim Principles for Responsible Investment in Natural Capital set out our ambitions and expectations for a values-led, high-integrity market for responsible private investment in natural capital to communities, investors, land owners, public bodies and other market stakeholders.
- Engaged stakeholders on the Interim Principles including an online event hosted by the Green Finance Institute and the Scottish Forum on Natural Capital.

NSET Phase: In Delivery

Project 5:

We will:

- Deliver a programme of overseas Ministerial engagement and trade and investment events and engagement to boost exports and attract investment.
- Continue to deliver our Export Plan, A Trading Nation, including:
 - Developing with industry new Sector Export Plans for Life Sciences and Renewables.
 - Working with stakeholders to identify ways to increase the transport of exports directly from Scotland.
- Continue to deliver our Inward Investment Plan including:
 - Refocusing resources around and delivering operating plans for each of the nine opportunity areas identified in the Plan
 - Continuing a programme of Ministerial engagement with 'Top 50' Inward Investors in Scotland to understand the opportunities and challenges they face and to ensure Scotland continues to be an attractive environment for current and future investment
 - Continue to develop and promote six Regional Inward Investment Propositions (Aberdeen City Region; Ayrshire; Edinburgh and South East Scotland; Forth Valley; Glasgow City Region; Tay Cities) detailing each region's unique investment assets aligned to the nine opportunity areas in the Inward Investment Plan; and complete regional propositions for the Highlands and Islands and South of Scotland.
 - Benchmarking our approach and interventions against key international competitors in areas such as financial incentives and skills.
- By the end of 2022, publish metrics and evaluation reports on inward investment and export support in Scotland to inform prioritisation of next phase of delivery .
- Publish a new Innovation Strategy for Scotland.

Project 6:

- Begin to deliver the Emerging Energies Transition Fund £180 million announced in 2021 with £100 million for Green Hydrogen and £80 million for Blue Hydrogen and Carbon Capture Usage and Storage.
- Working through the Net Zero Technology Centre, complete studies into pipeline routes for hydrogen from Scottish Ports to Rotterdam and Hamburg and Hydrogen Combustion Engine/ Turbine design work (retrofitting for offshore platforms).
- Innovation and Targeted Oil and Gas lease options made (April 2023) – providing developers with the rights to build offshore wind farms specifically for the purpose of providing low carbon electricity to power oil and gas installations and help to decarbonise the sector.
- Further offshore wind lease options agreed (August 2023).
- Set out how the Blue Economy Vision (published March 2022) will be delivered.
- National Marine Plan published (December 2024).
- Design of strategic investment model to support collaborative Scotwind supply chain projects (December 2022).
- The beta launch of CarbonTracker123 produced by iSumio with Scottish Government funding is scheduled for 2023, enabling companies to manage carbon emissions across complex supply chains.
- Continue to support low carbon manufacturing projects through the Low Carbon Manufacturing Challenge Fund.

- Complete the construction of and open the £75 million National Manufacturing Institute Scotland. The Institute aims to (1) increase productivity by reducing barriers to innovation; (2) grow the economy by galvanising investment and increasing manufacturing competitiveness within Scotland and internationally; (3) catalyse job creation and strengthen supply chain links across the country; (4) provide leadership, build collaborations and enhance capability to influence adaptation and exploit manufacturing opportunities to boost Scotland's transition to a net-zero emissions economy by 2045; and (5) inspire and attract talent and equip current and future workforces with the skills they and the manufacturing and engineering community need.

Project 7:

- Take forward plans for the First Minister's Investor Panel, including appointing an expert co-chair from the investment industry.
- Announce the wider membership of the First Minister's Investor Panel and host the first meeting of the Panel by end 2022.
- Ensure a delivery plan is in place to implement the Campbell Report, which makes recommendations to government about improving the enabling conditions for private capital investment in the health innovation sector.
- Work with public and private partners to examine our approach to and interventions in the provision of business growth capital to conclude Summer 2023.
- Work with the Scottish Cities Alliance to showcase investment propositions from across the seven cities to the London investment community .
- Continue to promote our Green Investment Portfolio and increase its value to £3 billion by the end of the year.

NSET Phase: Delivery Pending

Project 5:

- Continue to promote Scotland's trade and investment strengths through customised 'Scotland is Now' and Brand Scotland promotion and marketing activity.
- Showcase Scotland at major upcoming international events such as ADIPEC (November 2022); COP28 (November 2023) and Osaka Expo (2025).
- Provide dedicated funding to existing and potential inward investors through the Digital Skills Catalyst Fund, delivered by Skills Development Scotland, to support digital skills development).
- Support the Inward Investment Catalyst Fund through Interface to target companies not yet located in Scotland but seeking to establish stronger ties with Scottish academia.

Project 6:

- Strengthen Business Energy Scotland's capacity to provide energy efficiency advice and loans to businesses seeking to reduce their energy costs and carbon footprint, thereby supporting our green supply chain and supporting our Net Zero ambitions.

NSET Phase: In Development

Project 5:

- Grow our Global Scots network from 1,200 to 1,500 by 2023.

Project 6:

- Scope and deliver collaborative projects - December 2025 (estimated).

Development to begin

Project 5:

- Develop and deliver a Hydrogen Export Plan.
- Provide specialist advice and expertise and support collaborative approaches to the establishment of accredited sector or geographical cluster building bodies.

Project 7:

- We will take forward a Cities Investment Programme aimed at understanding barriers to attracting capital investment by cities and local authorities. This work has been paused as we focus on more immediate pressures and priorities.

Working with Stakeholders & Partners

Who are we relying on for delivery of the programme?

- Enterprise Agencies
- Scottish National Investment Bank
- Industry/Business
- Environment agencies (natural capital)
- National Manufacturing Institute Scotland
- Censis
- Skills Development Scotland
- Cities Alliance
- Local Government

Who are we involving and how (partners/stakeholders)?

- Academics
- Independent experts
- Investors and the investment community
- Business and industry (including trade associations)

Who and where will benefit (people, places and sectors)?

- Various sectors right across Scotland including manufacturing, construction, energy, technology, financial services

Governance

Partners have agreed that wherever possible the Programme should be developed and delivered through existing governance and partnership working arrangements and that new structures, groups etc. should be created by exception. At present, given the scale, scope, breadth and diversity of the Programme, governance and partnership working arrangements will be delivered at the Project and Action level. A Partnership Delivery Group has been established to bring partners across all three NMO projects together on a quarterly basis.

Key governance and partnership working arrangements are as follows:

Project 5:

- Monthly meetings with Minister for Business, Trade, Tourism and Enterprise to assess progress against each of the actions set out in our Export and Inward Investment Plans.
- Quarterly meeting with industry led Trade Board to discuss and assess progress against Export Plan
- Steering Group and sub-groups in place to develop Innovation Strategy.

Project 6:

- Scottish Government Offshore Wind Programme Transformation Board.
- Scottish Offshore Wind Energy Council.
- Cabinet Secretary/Industry chaired Making Scotland's Future Strategic Leadership Group and associated sub-groups are taking forward work on manufacturing and supply chains.

Project 7:

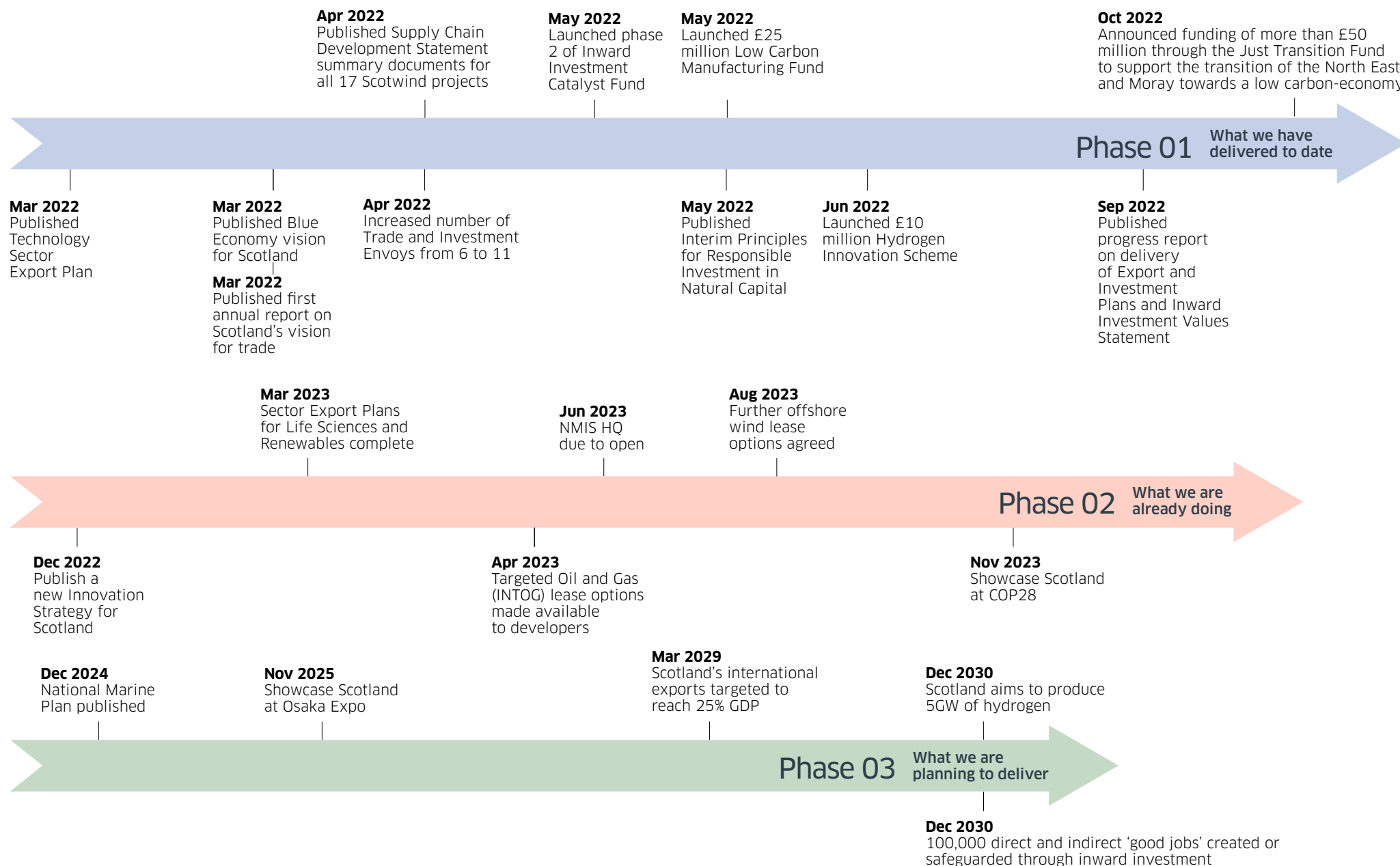
- Monthly meetings with Minister for Business, Trade, Tourism and Enterprise to assess progress against each of the actions set out in our Global Capital Investment Plan.
- Programme Board and workstreams in place to support development of a values-led, high-integrity market for responsible private investment in natural capital.
- We are developing proposals to provide oversight of work on business investment and, separately, capital investment across Scottish Government and partner agencies.

We are developing proposals to provide strategic oversight of the export, inward investment and capital investment plans across Scottish Government and our Enterprise Agencies, including Scottish Development International.

Programme 2 New Market Opportunities

Delivery phased timeline

This timeline provides the pipeline of activity and planned milestones as it stands. As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.



Published Technology Sector Export Plan: [Technology sector export plan - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/Technology-sector-export-plan.pdf)

Published first annual report on Scotland's vision for trade: [Scotland's Vision for Trade: annual report - March 2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/Scotland's-Vision-for-Trade-annual-report-March-2022.pdf)

Published Blue Economy vision for Scotland: [A Blue Economy Vision for Scotland - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/A-Blue-Economy-Vision-for-Scotland.pdf)

Published Supply Chain Development Statement summary documents for all 17 Scotwind projects:

[ScotWind developers set out multi-billion-pound supply chain commitments - News - Crown Estate Scotland & Scotwind Supply Chain Summit: First Minister's speech - 22 August 2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/ScotWind-developers-set-out-multi-billion-pound-supply-chain-commitments-News-Crown-Estate-Scotland-&-Scotwind-Supply-Chain-Summit-First-Minister-s-speech-22-August-2022.pdf)

Increased number of Trade and Investment Envoys from 6 to 11: [New US Trade and Investment Envoys - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/New-US-Trade-and-Investment-Envoys.pdf)

Launched phase 2 of Inward Investment Catalyst Fund: [Shaping Scotland's Economy - Inward Investment Plan: progress report 2022 - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/Shaping-Scotland-s-Economy-Inward-Investment-Plan-progress-report-2022.pdf)

Launched £25m Low Carbon Manufacturing Challenge Fund: [Encouraging manufacturing innovation - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/Encouraging-manufacturing-innovation.pdf)

Published Interim Principles for Responsible Investment in Natural Capital: [Interim Principles for Responsible Investment in Natural Capital - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/Interim-Principles-for-Responsible-Investment-in-Natural-Capital.pdf)

Launched £10 million Hydrogen Innovation Scheme: [Investing in net zero energy - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/Investing-in-net-zero-energy.pdf)

Published progress report on delivery of Export and Investment Plans and Inward Investment Values Statement: [shaping-scotlands-economy-inward-investment-plan-progress-report-2022.pdf \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/shaping-scotlands-economy-inward-investment-plan-progress-report-2022.pdf)

Announced funding of more than £50 million through the Just Transition Fund to support transition of the North East and Moray towards a low carbon-economy: [Supporting a green energy revolution - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/consultation-papers/collections/documents/Supporting-a-green-energy-revolution.pdf)

Programme 3: Productive Businesses and Regions

Outcomes & Objectives

Our aim is to make Scotland's businesses, industries, regions, communities and public services more productive and innovative.

The Productive Businesses and Regions Programme seeks to deliver a step-change in Scotland's productivity performance, addressing regional inequalities in economic activity as well as boosting traditional and digital infrastructure. As the United Kingdom faces a cost of living crisis, it is more pertinent than ever that the resources available are maximized to achieve their full potential. Through assuring that Scotland makes the best use of the resources available by boosting productivity, addressing regional inequalities and making improvements to our infrastructure we will be able to transition to a greener economy that is more efficient as well as competitive globally. It is critical that these resources are shared in an efficient and equitable way across all parts of Scotland, including ensuring that traditional access challenges in our rural and Islands communities are addressed.

Whilst the following Delivery Plan provides an update on current progress of the initial actions outlined in the NSET, a more in-depth Plan is currently being developed by a Programme Delivery Board in order to ensure that this Programme will be able to respond to the socio-economic changes Scotland may face throughout the upcoming decade, including the current cost of living crisis that we are experiencing.

This further development of Programme 3 will also assure that initiatives are in line with the ethos of the New Deal for Local Government in Scotland, outlined in the recent Spending Review, to build a relationship between the Scottish Government and Scotland's Local Authorities in order to balance greater flexibility over financial arrangements with clearer accountability for delivering national priorities.

Projects

Project 8: Improve Connectivity Infrastructure and Digital Adoption Across the Economy: This will see the delivery of the Strategic Transport Projects Review 2 (STPR2) to: help make Scotland more accessible for residents, visitors and businesses; create better connectivity with sustainable, smart and cleaner transport options; and highlight the vital contribution that transport investment can play in enabling and sustaining Scotland's economic growth. In addition, this project will assure Scotland is facilitated with an efficient and resilient digital infrastructure. Through continued investment in improved broadband, fibre and mobile coverage for residential and business premises; data centre development and digital business growth support; and improving Scotland's telecoms infrastructure through laying subsea fibre connections and 4G improvements for island and rural regions.

Project 9: Upskill business and public sector leaders, pioneering new approaches to driving productivity improvements: This will focus on the design and implementation of programmes, including productivity ambassadors and expansion of SCDI-led Productivity Clubs to upskill business and public sector leaders in the practical actions they can take to boost productivity. Going forward, the project will also be using the Wellbeing Economy Monitor and the Centre for Workplace Transformation to guide future productivity growth planning.

Project 10: Realise the potential of the different economic and community assets and strengths of Scotland's regions: This will focus on supporting our regions and communities to maximize their assets through working with Scotland's Regional Economic Partnerships to deliver strong regional economic policies and tailor interventions to evidenced regional strengths and opportunities. This will also be achieved through the expanding Community Wealth Building and social enterprise initiatives to support regional regeneration and the wealth of local communities.

Measurement

The Programme will be measured against the overall ambitions of NSET – to make Scotland Fairer, Wealthier and Greener, as well as using the National Performance Framework and recently published Wellbeing Economy Monitor.

This will be achieved through the development of draft metrics to demonstrate the extent to which the output from the actions of this Programme are likely to shift performance. This will be underpinned by logic models which demonstrate the linkages between the actions taken, outputs produced and ultimately the expected impact on the Scottish economy.

Indicators will be adopted to inform both the NSET Delivery Board and the Programme Delivery Board of the difference that each individual action is making in achieving the overall aim of the Programme.

Indicators such as:

- productivity (GVA per hour worked)
- Business R&D spend
- proportion of businesses that are innovation active
- digital skills in businesses
- labour shortages

These indicators will likely be supported by broader evidence and other forms of measurement as the Programme matures.

NSET Phase: Delivered by 31 October 2022**Project 8:**

Since the publication of NSET we have:

- Launched a Digital Productivity Lab Pilot – Through investment of £500,000 to run this pilot, in partnership with Lanarkshire Enterprise Services Limited (LESL), an offering support to 500 previous recipients of the Digital Development Grant. This support comes in the form of one-to-one advice and sessions from digital specialists that will help these businesses effectively implement and optimise their digital project for their business and staff.
- Provided faster broadband connectivity to over 10,900 premises through the R100 contracts and a further 2,400 premises through the R100 Scottish Broadband Voucher Scheme.
- Through the Scottish 4G Infill programme (S4GI), delivered two mobile masts in rural locations providing 4G services to approximately 40 unserved premises. This takes the programme's cumulative total up to 29 masts providing 4G coverage to over 1,200 previously unserved premises.

Project 9:

Since the publication of NSET we have:

- Developed a new measure of the resilience of the economy – through monitoring, assessing and identifying actions to future-proof the productivity of Scotland's economy over the long term, including on issues such as climate adaptation, cyber security, international trade links and critical domestic supply chains.
- Expanded Scotland's SCDI-led network of Productivity Clubs for businesses to use peer-to-peer learning to identify opportunities to improve productivity. Following on from the delivery of a grant of £200,000 from the Scottish Government in April 2022 to expand the reach of this initiative, a new club has been developed to serve the Tay City region.

Project 10:

Since the publication of NSET we have:

- Completed a Review of Regional Economic Policy in Scotland – which offers a clear insight into the use of regional geographies and structures to deliver more effective inclusive growth. This Review is in response to economic and policy shifts as a result of COVID-19 and EU Exit, which led to the loss of vital regional support from the EU Structural Funds. The Review itself offers an approach for Scottish Government to create a positive environment for regional economic success and will discuss the local, regional and national policies aimed at reducing economic regional inequality. This will be published shortly.
- Community Wealth Building (CWB) – this strategic approach to economic development seeks to enable local and regional anchor organisations, through procurement, investment and other means of development, to create new fair work opportunities, help local businesses to expand, shorten supply chains and place more assets in the hands of local people and communities.

We have put in place programme governance to commence work on a Bill, including institution of a Bill Steering Group chaired by Tom Arthur, Minister for Public Finance, Planning and Community Wealth. We have co-produced, with EDAS and CLES, a CWB Guide to support local authorities and partners develop their CWB Action plans.

NSET Phase: In Delivery

Project 8:

- Delivery of the Strategic Review of the National Transport Strategy (NTS2): Following the publication of the draft strategic review in January 2022, this is currently in consultation and the STPR2 Final Report is due to be published by the end of 2022.³
- Delivery is also ongoing in the digital connectivity realm, where accelerating access to future-proofed broadband networks is taking place. This includes: reaching 100% (R100) Programme contracts and the R100 Scottish Voucher Scheme (SBVS) delivering superfast connectivity, both of which are helping to increase full fibre coverage alongside the deployment of rural 4G network coverage and investing in the right conditions in place to facilitate the deployment of 5G. These objectives will offer significant economic benefits to businesses, communities and individuals. At present, it is expected that 16 new subsea fibre connections will be completed this year, coupled with our ongoing work to deliver up to 55 new mast locations to deliver 4G services across Scotland by March 2023.
- Working with Scottish Futures Trust and other partners to deliver on our commitment for Green Datacentres and our Digital Connectivity Vision and Action Plan, which will stimulate new economic growth through attracting investment in international subsea fibre connections and sustainable data hosting facilities.
- Development of a Full Fibre Charter and engagement across the sector, both with businesses, government and operators; barriers to telecoms deployment will be tackled in order to maximise commercial investment across Scotland.⁴ A strategic forum with industry will be established to identify and remove barriers to maximise commercial investment. This is coupled with our continued commitment to engage with the UK Government and OFCOM, who have legal and regulatory responsibility for the telecoms sector, to ensure that the position of the Scottish Government and Scotland's opportunities and challenges are articulated, ensuring that the regulatory and pricing framework is planned and delivered to meet the future needs of Scotland.

Project 9:

- Launch Scotland's new Centre for Workplace Transformation to support experimentation in ways of working post-pandemic that help attract and retain talent, and to enable ideas to be tested with the expertise of external organisations. The Centre will pioneer new approaches to driving productivity improvements, for example through researching and piloting the impacts of a shorter working week on the Scottish economy.
- Productivity Support through Scotland's Enterprise Agencies – in addition to the actions of NSET – Scotland's Enterprise Agencies currently provide a variety of packages of support to drive productivity within the private sector. This includes specialist advice, provision of discretionary funding support to businesses and community organisations to employ graduates to more tailored and specialist programmes, focus on key productivity areas of Business Improvement (SMAS), Innovation, Net Zero and Digital; developing specific skills sets within these areas that are key to vital productivity improvements.

Project 10:

- The Scottish Government is continuing to support Scotland's Local Authorities to each develop Community Wealth Building action plans.
- Wide stakeholder consultation on legislation principals to support the embedding of CWB, creating a fairer and more resilient economy. We have established an external Bill Steering group to support this work.
- Supporting the Development of Scotland's Regional Economic Partnerships (REPs).
- The consideration of business sectors will also be important, with each region having its own strengths. A number of strategies have already been developed which align well with NSET, such as Scotland Outlook 2030: Scotland's Tourism Strategy and Getting the Right Change, the retail strategy for Scotland. Programme 3 delivery will be key to realising these strategies as holistic interventions are considered at the regional level.

³ [STPR2 strategic approach | Transport Scotland](#)

⁴ [Scotland's Full Fibre Charter - gov.scot \(www.gov.scot\)](#)

NSET Phase: Delivery Pending

Project 8:

- Development and delivery of a Digital Productivity Fund - focused on supporting business to improve firm-level productivity. It is expected that the Digital Productivity Fund will introduce interventions to support businesses improve firm-level productivity and develop a more digitally mature business base.

Project 10:

- Working with our Enterprise Agencies, we will look to establish an industry-led Inclusive Business Review into how best to support social enterprise, employee-owned businesses and cooperatives in Scotland; supporting regional regeneration and the wealth of local communities. We anticipate the review will be established before the end of 2022 and report in 2023.
- A formal consultation on Community Wealth Building Legislation to be commenced in Spring 2023

NSET Phase: In development

Project 10:

Development underway

- Development of co-producing Just Transition Plans alongside regional partners.

Project 8:

- As Scottish households are being squeezed by high levels of inflation and increases in energy bills, further consideration will take place regarding Scotland's wider infrastructure as we transition to a low-carbon economy to assure that resources available are being utilised efficiently and effectively.

Project 9:

Development to begin

- Recruitment of Productivity Ambassadors:

In order to identify where and what forms of support is needed across the country, Scottish Government are currently undertaking a mapping exercise to outline what productivity support is currently available. Going forward it is hoped that Productivity Ambassadors can be sourced from a wide variety of individuals from various sectors who can share their expertise with others to promote best practice.

- The upskilling of Scotland's leaders:

In order to identify where and what forms of support is needed across the country, Scottish Government are currently undertaking a mapping exercise to outline what productivity support is currently available. Going forward it is hoped that we can utilise what is already being offered and build upon this to develop a Programme of support which will tackle the challenges facing productivity across our economy.

Working with Stakeholders & Partners

Who are we relying on for delivery of the programme?

Due to the broad focus of the Programme, delivery of the Programme will be provided through various parties including both public and private sector agencies.

At present these include the following during the lifespan of the Programme:

- Enterprise Agencies (Scottish Enterprise, Highlands and Islands Enterprise, South of Scotland Enterprise)
- SCDI
- Regional Economic Partners
- Local Authorities
- Wider contractors

Who are we involving and how (partners/stakeholders)?

In order to achieve maximum success, Programme 3 will require engagement with stakeholders and partners across the regional landscape from the public sector, businesses and communities. This will include, but not be limited to:

- Independent experts
- Scotland's Regional Economic Advisory Group
- Private sector
- Academics
- Regional actors (including Scotland's Regional Economic Partnerships)

Who and where will benefit (people, places and sectors)?

This Programme tackles the challenges and seizes upon the opportunities of every region of Scotland, ultimately providing benefit for all of society.

Governance

To assure that this Programme of projects and subsequent actions continues to meet the ever-changing needs of Scotland's businesses and regions, the Scottish Government has established a Programme Delivery Board of key stakeholders encompassing the views of both delivery partners, wider business and the regional perspective. This Board, chaired by Monica Patterson (SOLACE), alongside the over-arching NSET Delivery Board, will oversee the rollout of the activities that we are still developing to make sure their result achieves the greatest impact across Scotland. In order to achieve maximum benefit for every region, further development of the Programme will be carried out through advisement with Scotland's Regional Economic Partnerships (REPs).

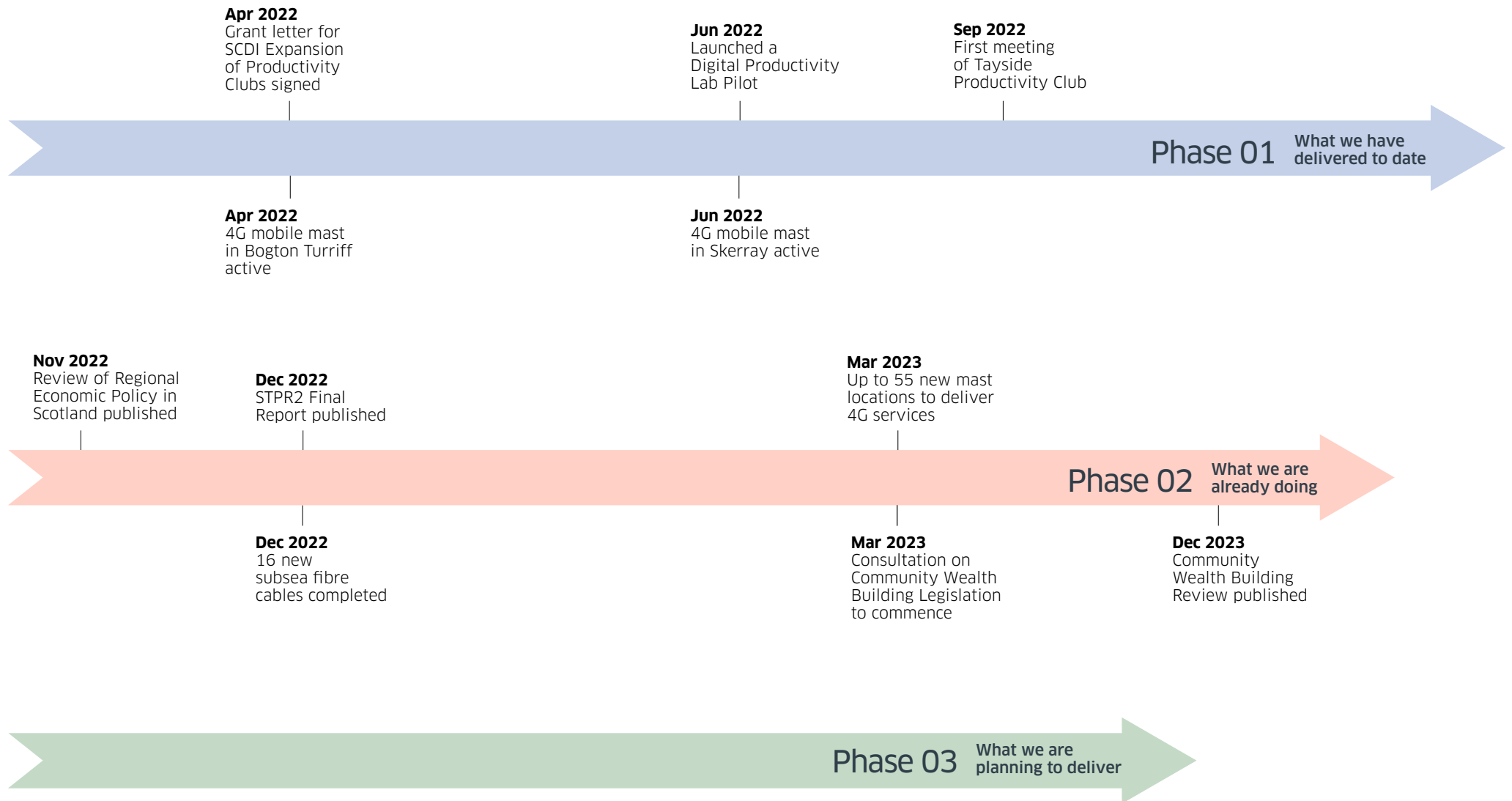
Going forward, the Scottish Government will continue to engage with REPs individually as well as collectively through the REP Network regarding the Programme to ensure their views can be appropriately embedded into future decision making.

The success of this overall programme will be monitored continuously to make sure that the initiatives outlined are as impactful as they can be. This will be carried out with support from the Programme Delivery Board and be on a project basis.

Programme 3 Productive Businesses and Regions

Delivery phased timeline

This timeline provides the pipeline of activity and planned milestones as it stands. As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.



As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.

Programme 4: Skilled Workforce

Outcomes & Objectives

Context

It is clear we are in a period of significant economic challenge as we emerge from the impact of COVID and into a cost crisis, with expected yet unclear impacts on employment. At a time of acute labour shortages, historically low unemployment and soaring inflation, we have taken the view that we must prioritise wage increases over spending on employability, but this is not a decision we have taken lightly. The drive for Net Zero, the changing world of work, tightened public finances, global economic instability and the resultant rise in commodity prices and cost of living, only heighten the importance of equipping Scotland's people and businesses with the skills they need. These interrelated factors are creating some challenges across many regions and sectors of the economy, with clear implications for the education and skills system, mainly:

The pandemic had an unequal effect on the population, with women, young people, lone parents, older and disabled workers, minority ethnic people and those with no or low qualifications, all disproportionately impacted. In addition, pre-pandemic concerns remain around the quality of work, in-work poverty, underemployment and the rise of the gig economy, and the role each of these factors plays in compounding poverty and inequality.

The urgent need to decarbonise major industries across Scotland will also put new demands on Scotland's skills and education system, as whole sections of the workforce may need support to transition into new or altered job roles.

As technologies and jobs continue to change throughout people's careers, workers will need to continuously develop adaptive resilience and a diverse skillset, including digital skills, to remain competitive in the labour market.

As the population grows older, people are more likely to be working longer, with multiple employers and in multiple careers, and greater need for in-work engagement with the skills system to reskill or upskill in line with changing work demands.

Employer demand for workers has increased while the supply of permanent and temporary workers has fallen, bringing new challenges for industries and employers.

Development of a Skilled Workforce sits as part of the outcome expressed in Scotland's National Performance Framework as "we are educated, skilled and able to contribute".

The NSET Skilled Workforce Programme builds on work already underway to reform the education and skills system through: the National Discussion on Education, Independent Review of Qualifications and Assessment, Implementing the Careers Review, and Curriculum Development; work to explore and define the purpose and principles we want to underpin the post school education and research eco-system for future generations; review of Lifelong Learning, including evaluations of existing programmes including Flexible Workforce Development Fund and Individual Training Accounts, and the launch of the Independent Review of the Skills Landscape.

Given the scale and breadth of the challenges facing our economy and society now and in the coming period, supporting our education, research and skills system to continue to deliver national and local outcomes must be a shared endeavour across national and local Government, business, the third sector, and education bodies and institutions. We have seen how this can work in practice through initiatives such as the Young Person's Guarantee, a programme that has shown how the education and skills system, employers and the public sector can come together to deliver a joint aim – namely to provide every young person aged 16-24 with the opportunity of a job, apprenticeship, further or higher education or training. Employer engagement has been crucial in supporting the delivery of the Guarantee, with over 600 employers signed up to date. It provides one useful model for tackling the big challenges we face, including climate change and skills gaps across sectors.

Similarly, the partnership between business and the public sector to deliver the National Transition Training Fund (NTTF) through the pandemic and its aftermath was vital to the success of the scheme. In Year 1, the NTTF helped over 9,400 individuals upskill or retrain. In Year 2 (2021/22), the NTTF had a broader role to support the economic recovery;

address the impact of EU Exit; and respond to demand for new skills to support the transition to net zero. The fund has been supporting sectors include Tourism and Hospitality, Digital, Advanced Manufacturing, Green Construction, Life Sciences and Adult Social Care.

We want to build on these examples, and others like them, to drive forward the actions in the NSET.

Projects

The overarching aim of the Programme is: to ensure that people have the skills they need at every stage of life to have rewarding careers and meet the demands of an ever-changing economy and society and that employers invest in the skilled employees they need to grow their businesses.

Given that the NSET is a 10 year strategy, we are prioritising activity based on impact, influence, time criticality, resourcing and affordability. The prioritisation and pace of delivery of the projects and actions within this programme may need to adapt to address the challenges of the cost crisis. This may include acceleration of activities in the short-run that support our resilience whilst providing the foundations for longer-term transformation.

To achieve this aim of the Programme, we have committed to 3 projects:

Project 11: Adapt the Education and Skills System to make it more Agile and Responsive to our Economic Needs and Ambitions

The focus of Project 11 will be establishing the purpose and principles for education and skills system reform and continuous improvement and ensuring that they align with our wider socio-economic vision for Scotland.

Through this project we will deliver key actions from the Scottish Funding Council's (SFC) Review of Coherent Provision and Sustainability, enhancing approaches to strategic provision and skills planning based on learning from pathfinder projects to enable a more responsive, coherent education and skills system. Through new analysis and collaborative skills pilots in the North East and South of Scotland, the Pathfinders are exploring how courses and programmes are currently planned in both regions, and how this connects to the needs of society and the economy. To ensure learners are armed with the information they need to make the best choices

for their future, the Pathfinders will clearly set out available education and skills pathways from school, through to tertiary education, and employment. Insights from this work will be shared with partners across the system, and used to enhance planning and policy approaches in the regions and beyond.

The challenges of emerging from COVID-19, the impact of the cost of living crisis and the need to fill jobs in key sectors have further increased the need for a skills delivery landscape which can respond to the needs of industry, now and in the future, while also ensuring people can make informed choices about how best to train and upskill for rewarding careers. Reflecting the importance of this, the Scottish Government has recently initiated an Independent Review of the Skills Delivery Landscape in Scotland, focusing on the functions and remit of Skills Development Scotland. The Review will make recommendations about how the skills delivery public body landscape should be adapted to ensure that it is optimised for delivering the commitments and priorities in the NSET.

Reflecting both positive progress to date and the current labour market challenges, we will publish a refreshed Climate Emergency Skills Action Plan in 2023. The priorities outlined in the refresh will translate into the Green Jobs Workforce Academy, as the central resource, for information and access to training towards jobs needed for the transition to net zero.

In addition, we will continue to develop our approach to apprenticeships and work based learning. Our priority is to ensure that apprenticeships are of high quality and lead to sustainable employment opportunities. We are also working to entrench sustainability and green skills into apprenticeships in Scotland to ensure the system remains flexible and relevant as we transition to net zero. External review of apprenticeship provision was paused in 2020 in response to COVID-19, and the significant impact on apprenticeship numbers. Given the increase in apprenticeship activity in 2022 it is now appropriate to resume the external evaluation by His Majesty's Inspectors of Education. Furthermore, we are currently exploring an evaluation of Graduate Apprenticeships. An evaluation could consider the Graduate Apprenticeship frameworks that are available and how these might relate to demand and uptake in younger cohorts, as well as matching economic needs.

Project 12: Support and Incentivise People, and their Employers, to Invest in Skills and Training Throughout their Working Lives

Investment in skills over people's lifetimes is critical to our future productivity and success as the economy and labour market continue to evolve over the coming decades. McKinsey UK-wide analysis estimates that 90% of the workforce will require some degree of upskilling and retraining by 2030. Applying this analysis to the Scottish workforce would equate to 2.1 million workers requiring upskilling and 415,000 requiring retraining by 2030. Additionally, approximately 80% of the 2030 workforce have already left formal education and are in work or looking for work. This shows that in-work upskilling and retraining will be crucial for achieving a more skilled workforce.

This project commits us to developing a stronger, simplified lifelong learning system, including support targeted at those who need it most. Work has already begun with a programme of insights gathering underway including independent evaluations of our existing individual and employer-led training programmes. Following this phase of evidence building, we will be considering a number of options for simplifying and enhancing our investment in adult upskilling and reskilling. Throughout this work we will look to engage with key stakeholders, including business organisations, and are currently considering the options for conducting this engagement.

The Flexible Workforce Development Fund and Individual Training Account evaluations are due to publish in the Autumn at which point we will consider revisions as part of the lifetime skills offer for 2023/24. Early findings indicate that both programmes are performing well against initial policy outcomes and are seen as important programmes for skills support.

The Programme also includes a commitment to 'develop a new Skills Pact to underpin our commitment to strong partnership working with both employers and unions. The Pact will focus on action we can take together to improve investment in skills and training and ensure provision better meets the needs of employers and employees. As part of this, we will work collaboratively with employers and unions to explore how we can increase employer investment in upskilling and retraining'.

We know from Chartered Institute of Personnel and Development and others that there is more to do to raise awareness of our skills programmes. We also want to do more to optimise business investment in skills training, alongside public funding.

Skills Pact is an opportunity to begin remedying these challenges, offering signatories both a forum through which they may more easily identify skills investment opportunities, and providing access to support through which they may more effectively plan their own workforce investment. Such forums could also be used to develop and improve peer-to-peer learning e.g. on a sectoral basis as is being undertaken at an EU level.

Project 13: Expand Scotland's Available Talent Pool, at all Skills Levels, to Give Employers the Skills Pipeline They Need to Take Advantage of Opportunities

The Skilled Workforce Programme has a clear focus on skills provision; however, given Scotland's declining working age population, it is imperative that we continue to attract and welcome workers and their families to live, work and study in Scotland. Project 13 will progress the actions from Scotland's first population strategy, 'A Scotland for the Future: Opportunities and Challenges for Scotland's Changing Population' that seek to attract and retain workers who choose to make Scotland their home, and to help overcome the labour and skills shortages facing businesses.

As a key commitment within the population strategy, we will launch a Talent Attraction and Migration Service in 2023. This service will:

- attract people from anywhere in the world to work in Scotland
- retain people already in Scotland who have chosen to move here
- serve individuals and employers
- support the public, private and third sectors
- help meet people's immigration advice needs.

Almost half of inward migration to Scotland comes from the rest of the UK (rUK) and the NSET highlights that a 25% increase in people relocating from the rest of the UK to Scotland would double net migration and add 100,000 people to Scotland's labour pool over the course of this strategy. Reflecting this, an Industry Advisory Group for rUK Talent Attraction has been established to share talent attraction

expertise which will help to identify and develop effective approaches to attracting talent from rUK. Membership includes business representatives from the financial sector, space, life sciences and advanced manufacturing. This work will take account of the significant role that Scotland's universities play in attracting talent to Scotland, and explore how we maximise post-university talent retention of highly skilled non Scots-domiciled students. This work will be fully aligned with the development of the Talent Attraction and Migration Service which, once established, will take responsibility for talent attraction.

Immigration is reserved to the UK Government and the current UK immigration system does not meet the economic and demographic needs of Scotland's communities. The Migration Advisory Committee (MAC), in their report of May 2019, recommended the UK Government pilot a scheme to attract and retain migrants in remote and rural areas. Since then, the Scottish Government has worked with local authorities, key business sector organisations, and our Expert Advisory Group on Migration and Population to design a practical and deliverable rural visa pilot proposal for remote and rural communities. The proposal was endorsed by the Scottish Parliament and submitted to the Home Office by the Cabinet Secretary for Rural Affairs and Islands on 27 September 2022, calling on the UK Government to implement the proposed pilot, within the current UK immigration system, in collaboration with Scottish Government and partners.

The UK Government's Migration Advisory Committee is expected to review the Shortage Occupation List (SOL) in the coming months. Inclusion in the SOL increases the chances of securing a visa to work in the UK. We will work with business and other stakeholders in Scotland to develop an evidence-based submission to the MAC which addresses Scotland's needs.

The NSET includes an action under Project 13 to systematically address Scotland's labour market inactivity challenges. This action has been transferred to the Fairer and More Equal Society Programme in order that it can be progressed alongside transformation employability and fair work workstreams.

Measurement

Metrics for measuring success are currently being developed for the programme. These will be included in the NSET Accountability Framework expected to be published in Autumn 2022 and will also inform our approach with agencies. These metrics may include:

- Skills shortages reported by businesses
- Number of young people participating in education, training or employment
- Number of people with low/no qualifications
- Skills utilisation
- Job related training
- Levels of employer investment in the development of their workforce.

NSET Phase: Delivered by 31 October 2022**Project 11:**

- Publication of the National Strategy on Adult Learning on 10 May 2022, setting out actions to ensure that individuals of all skills levels have the opportunity to increase their skills and learn throughout their lives.
- In response to the Scottish Funding Council Review, development and publication of the Purpose and Principles is underway; this marks the start of a wider period of change to ensure that our post school education, research and skills ecosystem is fit for the future.
- We published the Shared Outcomes Framework on 9 March 2022; the Shared Outcomes Assurance Group has continued to meet regularly (March, May, June, August) to oversee progress in implementation of the projects.
- Insights gathering and evaluations of existing programmes (Flexible Workforce Development Fund and Individual Training Accounts) to improve understanding of programme performance and the current upskilling and retraining landscape.

Project 13:

- Rural Visa Pilot submitted to the UK Government and Migration Advisory Committee on 27 September 2022.

NSET Phase: In Delivery**Project 11:**

- We will publish the Purpose and Principles for the post school education, research and skills ecosystem in Spring 2023.
- Refresh of the Climate Emergency Skills Action Plan to be published in 2023 which will set the direction for the purpose and focus of the next phase of the Green Jobs Workforce Academy.
- Develop a Skills Guarantee for workers in high carbon sectors looking to retrain.
- We will drive forward the initial stages of the implementation of the Adult Learning Strategy.
- First Work Package of the Shared Outcomes Framework Regional Pathfinder project (led by Scottish Funding Council) on schedule for completion by end October 2022.
- Independent Review of the Skills Delivery Landscape to be undertaken between September 2022 and Spring 2023.

Project 12:

- Development of Lifetime skills offer which will enable individuals to gain the skills needed now and in the future to thrive in the labour market and to enable businesses to grow to meet their economic potential.

Project 13:

- Talent Attraction and Migration Service for Scotland to be launched in 2023, to attract, welcome and support people who choose to make Scotland their home.
- Programme of activity to attract and retain talent from rUK in development, informed and support for group of industry experts.

NSET Phase: Delivery Pending**Project 12:**

- Development of a new Skills Pact that underpins our commitment to strong partnership working with both employers and unions. We will work collaboratively with stakeholders to identify how Skills Pact may most effectively operate on a regional, sectoral and national level and to explore how a Skills Pact could increase employer investment in upskilling and retraining.

NSET Phase: In Development**Development to begin****Project 11:**

- Develop proposals for National Digital Academy focused around the provision of Scottish Credit and Qualifications Framework Level 6 qualifications.

Working with Stakeholders & Partners

Who are we relying on for delivery of the programme?

The successful delivery of the programme will require support from across all parts of the skills system as well as the Scottish Government.

The skills agencies, Skills Development Scotland and the Scottish Funding Council, will play an integral role in delivery. We will also be looking to colleges, universities, local government, employers, trade unions, the Community Learning and Development sector and the third sector, to develop solutions or to co invest to deliver. Engagement with business will be supported through the Business Organisations and Industry Leadership Groups.

Who are we involving and how (partners/stakeholders)?

To drive forward activity, we are utilising existing delivery arrangements that we know work well. For example, as the Green Jobs Workforce Academy continues to develop, the Climate Emergency Skills Action Plan Implementation Steering Group partners will provide expertise and advice. The Shared Outcomes Assurance Group will continue to monitor and report on a number of existing collaborative projects being driven through SDS and SFC. The transformative nature of the Programme may require new and innovative ways of working to be introduced. Crucially, we will be looking for ways to involve users of the skills system in the Programme as it develops.

Who and where will benefit (people, places and sectors)?

Through the education and skills system, we want to help those who want to work but are facing barriers to employment, to enter the labour market. Specific actions are aimed at supporting particular demographics. For example, our commitment to a Lifetime Skills Offer will help address in-work poverty and the Skills Guarantee will support workers whose jobs have been affected by the transition to net zero.

Governance

A Skilled Workforce Programme Board has been established:

- To provide leadership and strategic direction to those responsible for implementation of the actions within the Skilled Workforce Programme of the NSET.
- To consider how the different programme actions and linked policies are fitting together and consider the impact on the overall Programme aims.
- To consider the effectiveness of the management and governance arrangements in place to track progress, address issues of delivery and ensure a collaborative 'Team Scotland' approach where key partners are involved in both the design and implementation.
- To identify risks in the implementation of actions, provide challenge and advice, and agree on issues requiring escalation.

The Board will be co-chaired by the Director of Advanced Learning and Science and the Director of Fair Work, Employability and Skills. In addition to Government and agencies, the Board includes membership from employers and the education and skills system.

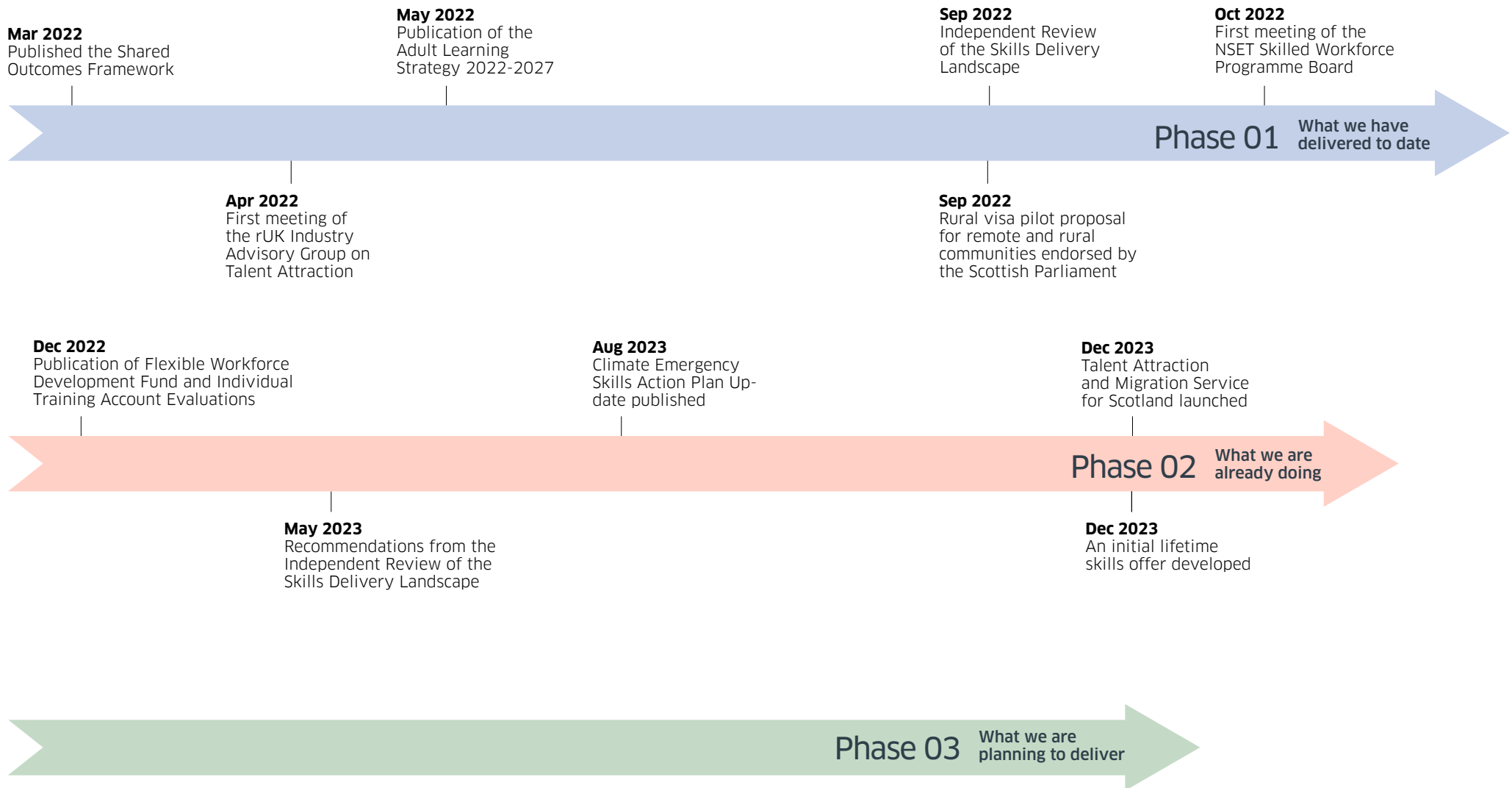
To support the delivery of individual actions, expert advisory groups or working groups have been established and will report into the Programme Board as and when appropriate.

The Skilled Workforce Programme Board will recognise and not duplicate the governance arrangements already in place for existing workstreams, for example, activity stemming from the Shared Outcomes Framework which is being overseen by the Shared Outcomes Assurance Group and the implementation of the Talent and Attraction and Migration Service that is being overseen by the Population Programme Board.

Programme 4 A Skilled Workforce

Delivery phased timeline

This timeline provides the pipeline of activity and planned milestones as it stands. As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.



As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.

Published the Shared Outcomes Framework: [Shared Outcomes Framework](#)

Publication of the Adult Learning Strategy 2022-2027: [Adult Learning Strategy 2022-2027](#)

Independent Review of the Skills Delivery Landscape: [Independent Review of the Skills Delivery Landscape](#)

Rural visa pilot proposal for remote and rural communities: [Rural visa pilot proposal for remote and rural communities](#)

Programme 5: A Fairer and More Equal Society

Outcomes & Objectives

As world events have emerged including Brexit, COVID-19, and the economic and inflationary consequences of Russia's invasion of Ukraine, the labour market has responded. NSET remains a 10-year strategy, but the next period may require a tailored short-term labour market response. Currently Scotland's labour market remains tight, with unemployment rates at or close to record lows and demand for labour historically high. There are recent signs that vacancy growth has slowed and real earnings have declined due to high rates of inflation.

Employability services aim to help those furthest from the labour market into employment. Long term unemployed (12 months plus) account for nearly a third of all unemployed. It is estimated 33,400 people were long term unemployed in 2021, more than in 2019 (pre-pandemic). In 2021, there were also an estimated 815,200 economically inactive people (16-64 years) in Scotland.

Latest forecasts (pre-dating significant UK government policies) suggest the UK economy may enter recession late 2022 with the unemployment rate (UK wide) rising from the middle of next year reaching above 6% in late 2025.

Impacts would be felt differently across regions, sectors and workforce groups and may lead to reduced security of pay and hours for the workforce. Women and young people are already more likely to be employed in jobs with low pay.

The Scottish Government's commitment to promote payment of the real Living Wage stands as an important cost of living policy to deliver a fairer and more equal society, and as such we still intend to bring forward the requirement to pay the real Living Wage in public sector grants. We will keep the labour market outlook under review and stand ready to adapt our plans in this programme accordingly.

Our aim remains to reorient our economy towards wellbeing and fair work; to deliver higher rates of employment and wage growth, including for those who may face challenges in accessing the labour market; to significantly reduce structural poverty, particularly child poverty; and improve health, cultural and social outcomes for disadvantaged

families and communities, particularly those in our rural and island areas.

Our aim is to create a society that is thriving across economic, social and environmental dimensions, and that delivers prosperity for all Scotland's people and places. A fair and equal society and a wealthier, greener economy are mutually reinforcing. Economies that have stronger productivity growth also have higher wellbeing – good businesses recognise that well-paid and respected workers are productive workers.

We will expand Scotland's available talent pool, at all skills levels, to give employers the skills pipeline they need to take advantage of opportunities and systemically address Scotland's labour market inactivity challenges.

Projects

Project 14: Tackle Poverty through Fairer Pay and Conditions

This will see a strengthening of the application of Fair Work conditionality to grants, requiring payment of real Living Wage, and channels for effective workers' voice starting from Summer 2022. There will also be a focus on delivery on the commitment to require payment of the real Living Wage in the Scottish Government contracts from October 2021.

We will also work with employers and trade unions in sectors where low pay and precarious work can be most prevalent (including leisure and hospitality, and early learning and childcare) to promote sectoral fair work agreements and collective bargaining. This will be with the aim to achieve higher standards of pay, better security of work, and greater union representation in each sector.

How business operates is also critical and we will build on the findings from the Business Purpose Commission Report in Spring 2022, to inform how businesses can deliver positive impacts on prosperity, wellbeing and environmental sustainability.

Project 15: Eradicate Structural Barriers to Participating in the Labour Market

Our refreshed Fair Work action plan will set out the further steps we will take to remove barriers to employment and career advancement for disabled people, women, and people from minority ethnic groups.

The key projects within NSET related to employability and eradicating structural barriers to participating in the labour market include:

- Simplify the employability system by implementing No One Left Behind.
- Build on the principles of the Young Person's Guarantee, developing an all-age guarantee of support for those most disadvantaged in the labour market.
- Support parents to increase income from employment.
- Systemically address Scotland's labour market inactivity challenges, recognising that Scotland's inactivity rate has been consistently higher than the UK since 2016.
- The gap in economic participation between the UK and Scotland could continue to increase over the next 5 years and may be exacerbated by Scotland's changing demographics. A future Scotland may not have enough people of working age to replace those leaving the labour market as they grow older and less healthy, and without more working age people, pressures on fiscal sustainability, tax revenues, public services and welfare will increase.

Addressing Scotland's Labour Market Inactivity challenges has moved from Skilled Workforce to A Fairer and More Equal Society since the publication of the Plan on 1 March 2022 as the actions better align with Eradicate Structural Barriers to participating in the labour market.

Measurement

Metrics for measurement of this Programme include:

Project 14:

- National Performance Framework – Fair Work and Business indicators.
- Fair Work monitoring will be developed as part of refreshed Fair Work Action Plan and new Ethnicity Pay Gap Strategy.
- The Procurement Reform (Scotland) Act 2014 requires public bodies to set out in their corporate procurement strategy how they will comply with the sustainable procurement duty and their approach to payment of the living wage in procurement. Public bodies are then required to report on compliance with their strategies through an annual procurement report. These requirements are expected to provide better information on how each public body is using procurement activity to achieve its wider aims including Fair Work. They are also used as the basis for an Annual Report on Procurement Activity in Scotland.

Project 15:

- The Employability Shared Measurement Framework, published in April 2022, aims to create a common understanding of how we measure the impact of employability services for the people and areas they aim to support. By supporting a shift from multiple separate approaches to measuring success, to a consistent view of what is working for people at national, local and individual levels, the Framework will ensure accountability through transparency of data and support improvement across Scotland's employability system, building on existing practice that is currently established in each Local Authority area. All activity that contributes to measurement of employability, whether it is data collected by services, information reported nationally, or independent evaluation will be driven by the Framework. The Framework is not a final product and more work is required to develop certain areas and themes. To date, it has made recommendations on which data needs to be collected to answer some of the key questions on the themes of Reach (of services) and Progression.
- Local Authorities report participant data to Scottish Government for those accessing employability support delivered under the

No One Left Behind approach, covering information on the characteristics of those reached and how they have progressed, including whether they have entered and sustained employment, and Further / Higher Education. This reporting is aligned to the data recommendations made by the Shared Measurement Framework.

- Quarterly statistics are published which provide an overview of performance of devolved employment services, including Fair Start Scotland and the No One Left Behind approach. Fair Start Scotland evaluation reports are also published annually, and include commissioned research with service users, delivery partners and providers, as well as ongoing analysis of performance. The next quarterly statistical publication is due in November 2022, and the next evaluation reports are scheduled to be published in Spring 2023.
- We have scoped a multi-year programme of evaluation for the No One Left Behind approach (including local delivery of Young Person's Guarantee activity). We are currently in the early stages of working with Ipsos to establish the first year of activity. The implementation evaluation report is expected in March 2023.
- National Performance Framework - Fair Work and Business indicators, supported by a monitoring framework being developed as part of refreshed Fair Work Action Plan and new Ethnicity Pay Gap Strategy.
- Metrics for measuring success are currently being developed for the labour market inactivity challenges. These will be included in the NSET Accountability Framework expected to be published in Autumn 2022.

NSET Phase: Delivered by 31 October 2022**Project 14:**

- The Scottish Government mandates the payment of the real Living Wage in contracts where possible. One of the Scottish Government flagship procurements that will demonstrate this approach following its introduction in October 2021 is the National Civil Engineering Framework. This has an estimated value of £600 million over 4 years. The advert (contract notice) for the framework was published in June 2022.
- The Business Purpose Commission for Scotland launched its report Now is the time for purpose: Putting purpose at the heart of Scottish business on 28 June 2022. The report is comprehensive, and makes recommendations for a range of stakeholders across business, governments, and tertiary education and training organisations. The Scottish Government is considering the recommendations carefully, with particular focus on the two recommendations for the Scottish Government to lead. This requires significant cross-government engagement and we look forward to sharing our response when complete.

Project 15:

- Best Start, Bright Futures: Tackling Child Poverty Delivery Plan 2022 - 26 was published 24 March 2022, and details actions the Scottish Government will take to both support parents into work, and support those already in work to increase their incomes and lift themselves and their families out of poverty.
- Phase 2 of No One Left Behind was implemented in April 2022, marking a significant step forwards in simplifying the employability landscape and delivering greater flexibility for local areas to determine service provision based on the needs of users in their area and of local labour markets.

NSET Phase: In Delivery**Project 14:**

- Delivery Publication of refreshed Fair Work Action Plan which will set out detail of further actions including appropriate focussed actions and funding to address structural inequalities in the workplace Autumn 2022.
- We expect to award the Civil Engineering Framework by February 2023 and for the Framework to commence in March 2023.
- Apply Fair Work conditionality to grants, requiring payment of real Living Wage, and channels for effective workers' voice.
- Sectoral Fair Work agreements being taken forward through the Retail Strategy launched in March 2022 and the National Care Service, Bill laid June 2022.

Project 15:

- The implementation evaluation report for the No One Left Behind approach (including Young Person's Guarantee) is expected in March 2023.
- The Ethnicity Pay Gap Strategy is in development, and expected to be published Autumn 2022.
- Activity to deliver the Parental Employment Support Fund (PESF) as part of the wider No One Left Behind approach is ongoing.

NSET Phase: Delivery Pending**Project 15:**

- The next No One Left Behind Delivery Plan is due to be published by the end of March 23. This plan will set out the milestones which we will work with partners to deliver between now and March 2026, including:
- Going further with our work to embed the 'Scottish Approach to Service Design', ensuring service users are empowered to contribute to the design and delivery of the services and policies that affect them:
 - Building on the initial iteration of the Shared Measurement Framework (published April 2022), ensuring data improvement is an ongoing priority and that we can determine the impact of our investment in employability;
 - Determining and then delivering the scope, approach and scale of the next iteration when future delivery of devolved employment services expire.

- Implementation of Actions within Fair Work Action Plan post-publication.
- Milestones and expected outcomes set out in refreshed Action Plan Autumn 2022.
- Annual progress reporting.

With Scotland's unemployment rate at record lows, and employment high, increasing economic participation will require supporting those furthest from the labour market to reach their potential. The barriers to employment are complex, and key areas of focus are likely to be around health (with physical and mental wellbeing a key driver for economic inactivity), improving opportunities for flexible working (especially for older workers), and supporting those with caring responsibilities. That's why we are looking at a whole government approach to tackling these issues, as well as considering how the Scottish Government can play a role in alleviating labour shortages.

NSET Phase: In Development

Development underway

Project 14:

- Further Sectoral Fair Work Agreements building on existing arrangements and work already underway across sectors for instance in Retail and Adult and Social Care. The Scoping phase of this action will begin 31 January 2023, including to:
 - Review of the current landscape to map what agreements, concordats, charters etc. already exist across sectors of the economy, their scope, benefits, limitations and legal status.
 - Establish current understanding of role, purpose and potential of sectoral fair work agreements here and abroad and how Fair Work Agreements relate to collective agreements.
 - Engage key external stakeholders to gauge their understanding and expectations of Fair Work Agreements and relationship to collective agreements, and identify areas for further development.

Project 15:

- Work is underway to design the next phase of No One Left Behind, with consideration being given to the scope, approach and scale of the next iteration when delivery of existing devolved employment services expire.
- We will be working with Local Government and a range of partners to agree how best to deliver key actions within Best Start Bright Futures in the wider context of our No One Left Behind policy.

Working with Stakeholders & Partners

Who are we relying on for delivery of the programme?

Through our partnership with Local Government and the network of Local Employability Partnerships we will continue to support a mixed economy of service provision involving the broader public, third and private sectors.

Who are we involving and how (partners/stakeholders)?

- Employers, Trade Unions, Representative groups (e.g. Fair Work Action plan Stakeholder working groups – focus on Gender, Disability, Race and Ethnicity), Fair Work Convention.
- External Convention of Scottish Local Authorities (COSLA) Scottish Local Authority Economic Development Forum (SLAED) (Local Authority) SOLACE (Local Authority) Local Employability Partnerships (LEPs) Third Sector (TSEF) Private Sector, Public Sector (e.g. Health Boards), People with Lived Experience (i.e. Parents experiencing poverty), Employers.
- Internal Employability Policy Colleagues, OCEA Employability Analysis, Fair Work and Skills Policy Colleagues, Child Poverty Colleagues, Early Education and Childcare Colleagues, Transport Scotland Colleagues.

Who and where will benefit (people, places and sectors)?

- Employees and workers, Employers and the Economy across Scotland and all sectors – in particular those sectors where low pay and precarious work can be most prevalent.
- Parents within the six priority families (lone parents, disabled, minority ethnic families, families with 3+ children, families in which the youngest child is aged <1, Mothers <25), People facing barriers to entering the labour market, across all 32 local authority areas.
- People who are economically inactive and people who are at risk of becoming economically inactive with a particular focus on those with long term health conditions, people with a disability and people with caring responsibilities. Economic inactivity rates vary across local authorities and addressing inactivity in these areas will reduce inequalities.

Working with Stakeholders & Partners

Initially the economic inactivity project will focus on existing programmes of work within the SG and partners involved in delivering those, and how these can be improved to ensure that the economically inactive population is supported back into activity using existing stakeholder and delivery networks. Colleagues across SG (policy and analytical) using their existing stakeholder networks e.g. Local Authorities through No One Left Behind, Glasgow Disability Alliance and Inclusion Scotland through the Disability Employment team, Early Learning and Childcare, Transport Scotland, Public Health Scotland, the economically inactive population, employers, Strategic Partnership Managers in DWP.

Governance

A dedicated Fairer and More Equal Society Programme Board has been established to oversee and provide assurance over delivery within this programme. Its membership includes representation from COSLA and SOLACE as well as external experts and delivery partners.

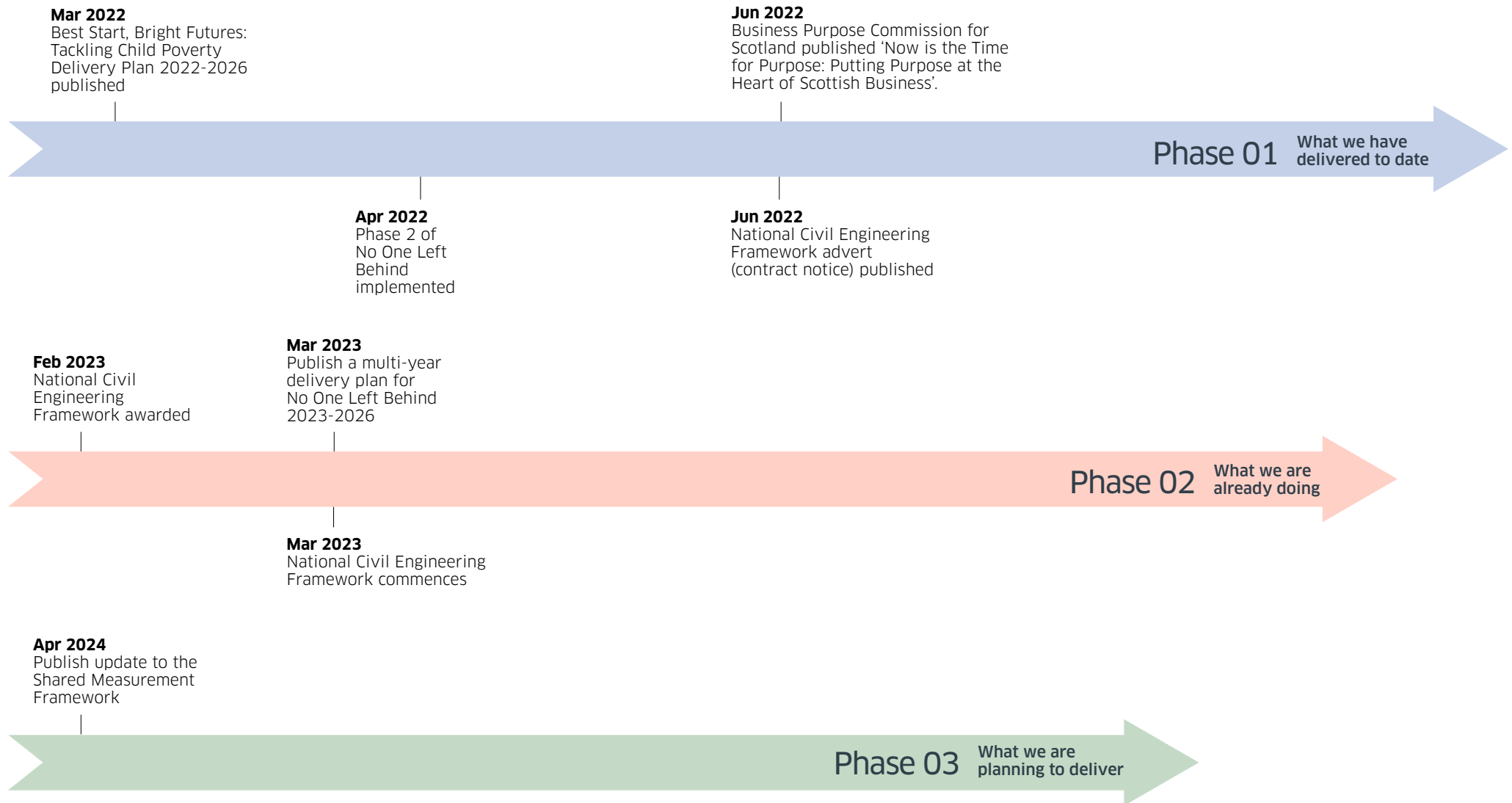
Project-level delivery will be overseen through existing internal governance for Fair Work, the Fair Work Steering Group, and through the introduction of an All-Age Employability Programme Board by the end of 2022 which will be responsible for delivering those actions which relate to Project 15: Eradicate Structural Barriers to Participating in the Labour Market.

Employability specific actions within Best Start, Bright Futures: Tackling Child Poverty Delivery Plan are monitored through the Child Poverty Programme Board.

Programme 5 A Fairer and More Equal Society

Delivery phased timeline

This timeline provides the pipeline of activity and planned milestones as it stands.
As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.



Best Start, Bright Futures: Tackling Child Poverty Delivery Plan 2022-2026: <https://www.gov.scot/publications/best-start-bright-futures-tackling-child-poverty-delivery-plan-2022-26/>

No One Left Behind: <https://www.employabilityinscotland.com/media/1lzjmcy/scottish-and-local-government-communication-no-one-left-behind-march-2022.pdf>

National Civil Engineering Framework advert (contract notice): https://www.publiccontractsscotland.gov.uk/search/show/search_view.aspx?ID=JUN451610

'Now is the Time for Purpose: Putting Purpose at the Heart of Scottish Business': <https://www.scdi.org.uk/business-purpose-commission-for-scotland-about/>

Programme 6: A Culture of Delivery

Outcomes & Objectives

The task of transforming our economy requires an equally radical transformation in the way we deliver results through the first five programmes.

Our sixth programme, Programme 6: A New Culture of Delivery, sets out the steps we need to take, the structures we need to put in place, and the landscape we need to build to ensure we successfully deliver NSET.

It makes sure that the five policy programmes of action set out in NSET are joined up. It is also key in transforming the way in which the public sector, business and wider civic Scotland listen to, support and work with each other including ensuring that we flex and adapt our Programmes to respond to the economic challenges we face.

Being clear about what we want to achieve and holding ourselves accountable against that is an essential component too, and Programme 6 establishes the metrics and mechanisms to allow us to track and monitor transformation and enable us to continually improve our collective impact.

Projects

Programme 6 will be delivered via three specific projects:

Project 16: Strengthen Accountability and Transparency will lay the groundwork for a culture of delivery and accountability by sharing objectives and clearly allocating responsibilities across all sectors. The new, robust governance structures will increase transparency and enable the Delivery Board and Economic Leadership Group to hold delivery partners across Scotland to account. Where possible, and within the powers that are available to us, multi-year budgets will provide greater certainty and planning confidence for business and delivery partners. The best available data will allow our Delivery Board to take evidence-based decisions, respond in an agile manner and prioritise with confidence, which is particularly important during the current cost crisis.

Project 17: Transform the Way We Provide Support

will change the way in which the public sector in Scotland provides support for businesses and provide greater clarity on the support they can expect at a local, regional, national and international level; our strategic guidance to the agencies will ensure that their activity is framed by and consistent with the priorities set out in NSET and that they play their part in its delivery; and we will work collaboratively across sectors to consider how regulation can be used to support economic and societal aims more efficiently and effectively. Throughout this transformation we anticipate working closely with business leaders and organisations to co-produce a robust and effective business support landscape. We aim to build on the work of the Business Support Partnership, which already exists to drive forward change and brings together representatives from the Scottish Government, Scottish Local Government, Scotland's Enterprise and Skills Agencies, and other public bodies with a key role in supporting the economy, such as Skills Development Scotland, Creative Scotland and VisitScotland. By establishing a Centre of Expertise in Equality and Human Rights within the Scottish Government we will also advance our understanding and embed equality and human rights within the economic policy-making process.

Project 18: Measure Success will capture the impact of NSET activity. To support increased accountability, we will publish annual progress reports and ensure a consistent approach to evaluation that will then drive coherent and informed improvements and spending decisions. In line with our commitment to a wealthier, greener and fairer Scotland, our Wellbeing Economy Monitor will ensure we look beyond traditional economic metrics and maintain a delivery focus on driving our recovery to meet climate and nature targets, while ensuring we maximise and share the benefits fairly as part of a just transition, and improve collective wellbeing.

Together, these three projects will provide the structure, accountability, support and data that 'Team Scotland' needs to successfully deliver economic transformation.

Measurement

The NSET Analytical Unit has worked with analytical colleagues, policy and programme leads to identify and agree suitable metrics at levels appropriate to (1) articulate delivery against the overall vision for NSET; (2) track the wider economic context and nuance of delivery; (3) understand whether the NSET actions are being delivered.

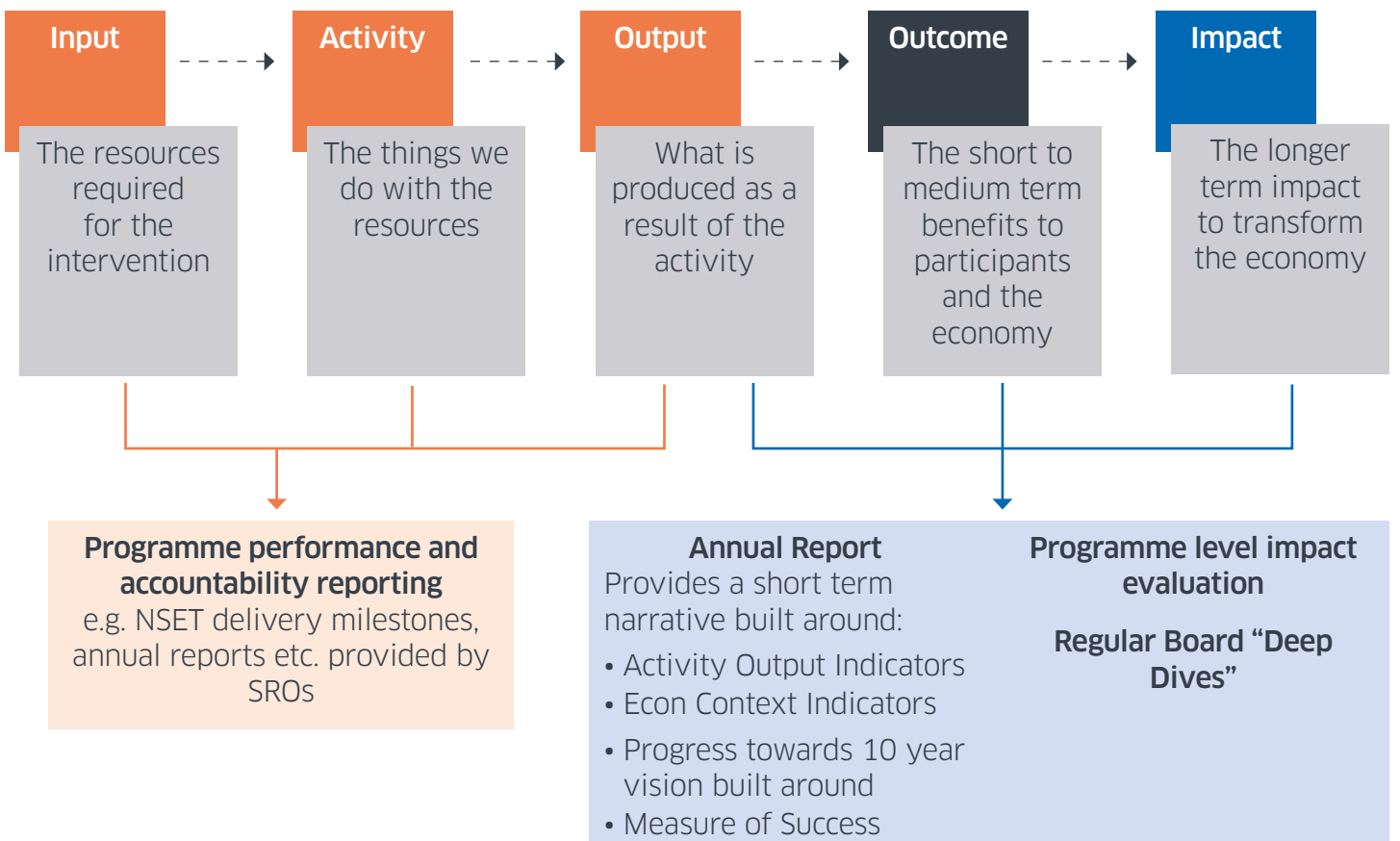
A set of high level ‘success measures’ has been proposed to the Delivery Board:

Alongside regular reporting on progress against delivery by the programmes we are committed to publishing an annual report on progress. The precise format of this will be agreed with the Delivery Board but its component parts will be drawn from other elements of performance reporting and should be part of a ‘framework’ or suite of activity which helps the Board understand progress towards delivering NSET.

The approach will include:

1. Programme performance and accountability reporting to tell the Board whether activity is being delivered.
2. Use of logic models to described how this activity is expected to contribute to Outcomes and Impacts.
3. Use of economic context indicators to tell the Board how Scotland is faring with respect to Outcomes and Impacts (the ‘success measures’). In the short term movement in these indicators may not be attributable to NSET activity but can track if we are moving in the right direction.
4. In time, we will undertake the evaluation work needed to measure the effects of Inputs on Impacts and answer more detailed questions about the impact, or not, of different actions.

Reporting progress to the Board will use standardised reporting of programme performance drawn from the programmes; regular ‘deep dives’ to explore emerging issues or particular programmes in more depth; and, annual reporting which ties these outputs together to present a compelling, credible narrative of progress against the strategy.



In addition, and in order to understand the impact on users of Project 17 and wider improvements to a culture of delivery, we will work with delivery partners to consider how to incorporate new and existing information covering user feedback on system improvements and support for business in Scotland. This work will include the utilisation of a master customer record across public agencies, providing a real time opportunity to compile effective feedback and data or analytics. Internally, the Centre of Expertise will build knowledge and understanding among policy officials to support the shaping of policies that maximise positive impacts of NSET projects on people with protected characteristics. Periodic surveys will measure the impact over time of the Centre's work on economic policy officials' self-assessment of their level of knowledge and confidence in relation to equality and human rights.

NSET Phase: Delivered by 31 October 2022

Project 16:

Since NSET's publication we have moved swiftly to establish the fundamental frameworks and governance structures that will support successful delivery from the start.

- We have set up a National Strategy for Economic Transformation (NSET) Delivery Board and the [Board members were announced on 24 May](#). Co-chaired by the Cabinet Secretary for Finance and Economy and Barry White, it challenges and adapts any aspects within the identified NSET programmes that do not deliver on the ambitions of the national strategy. The Board met for the first time on 8 June and continues to meet bi-monthly. The Board also receives the most recent economic data to support its work in prioritising NSET workstreams during economic crises.
- We published our first Resource Spending Review in May, including the parameters for resource spend up to 2026-27.
- This supports the development of budget plans at directorate, agency and public body level and supports efforts to monitor and track spending performance.
- We have worked with stakeholders to develop and refine the accountability frameworks and metrics for success, and they are published alongside this plan.

This progress means that strategic oversight and accountability frameworks are already in place, setting the direction, making strategic connections across the system and providing transparency.

Project 17:

Since the start of the pandemic, the Scottish Government has provided over £4.7 billion of financial support to businesses to help mitigate the economic impact of COVID-19. We now have an opportunity to apply the lessons we have learned during the unprecedented challenges of the pandemic to a programme of improvement work that aims to radically transform the way the public sector provides support for workers and businesses. The UK currently faces a rapidly escalating emergency that goes beyond simply the cost of living and is now a more general cost of everything crisis – an emergency on a similar scale to the COVID-19 pandemic. While many of the powers and resources needed to tackle this emergency on the scale required lie with the UK

Government, we will continue to do everything within our resources and powers to help those most affected.

- We are committed to working with the business community to develop this – and how we work with business to respond to crises will be a key test of the successful delivery of NSET.
- Scottish SMEs benefit from a variety of support packages including online tools, onsite visits, bespoke energy audits, webinars, information events and advice on funding.
- The Business Support Partnership is actively working with business representative organisations and with Business Energy Scotland to ensure it is as easy as possible for businesses to access advice and support that will help them to navigate the cost crisis.

Since NSET's publication we have begun reviewing the business support and regulatory landscape in order to better inform our transformation and how this can be improved to meet our economic and societal aims for the longer term. The cost crisis brings some of this work into sharper focus.

- In the Spring we issued strategic guidance to our Enterprise and Skills Agency partners that aligns with the priorities and programmes of action set out in this strategy. This guidance underlined the key role the agencies have in delivering NSET and has guided their business and budget planning activity.
- We have been engaging with the Business Support Partnership to explore opportunities to collaborate on the commitments set out in Project 17 whilst building on the work of the Business Support Partnership to deliver meaningful change.
- The Business Support Partnership has agreed a 5 year delivery plan to transform the way in which support is provided to Business in Scotland, with a particular focus on implementing an overall target operating model; better use of data and analytics through introduction of a master customer record; products and services which are formed against a 'design once for Scotland' approach; and ensuring that public representatives who support business in Scotland have skills to reflect the changing needs of our economy.

- We have worked with SCDI to develop and issue an initial survey of their members to determine experiences and opinions of regulation development and implementation processes.
- Building on engagement structures developed in response to the COVID-19 pandemic, we have begun engaging with regulators on what they would like to see from future engagement.
- We have committed to consider urgently options within our powers for regulatory action to limit increases and reduce costs for businesses.
- Scottish Government officials and Ministers have engaged with business organisations to identify regulations causing significant cost concerns.
- Officials have worked across government to identify existing and upcoming regulation that may result in additional costs for businesses and any potential mitigations.
- Any changes to planned regulations are complex, with wide-ranging implications, and while reducing burden is key at this time, many of these regulations have important environmental and social aims which cannot be delayed, or indeed bring economic opportunities for sections of the business community.
- We are committed to continuing to work with business on upcoming regulatory requirements to understand any actions that can be taken to mitigate costs or support implementation while still meeting wider aims of regulations.
- Scotland's approach has always been about better regulation not deregulation, recognising the enabling and safeguarding role regulation has, and focuses on adopting 5 key principles of regulation (transparent, proportionate, consistent, accountable and only where needed), encouraging a risk-based, facilitating approach by regulators.
- Following engagement with stakeholders, the establishment of a Centre of Expertise in Equality and Human Rights (the Centre) within the Scottish Government was publically announced on 9 May 2022. The Centre aims to support the continuous building of capacity, knowledge and skills on equality and human rights among policy officials. An internal policy network to provide peer-to-peer support and share good practice has been established, and a foundation training session for economic policy officials has been held.

Project 18:

Alongside establishing these building blocks we have also developed our monitoring and reporting mechanisms for measuring NSET's impact.

- These plans are the result of careful planning and prioritisation and set out clearly: what we have achieved; what and when is being delivered in the near future; and what activity is at the planning and design phase. The plans also show clear alignment with other cross-governmental priorities such as the Tackling Child Poverty Delivery Plan.
- In June, we released the first phase of our Wellbeing Economy Monitor, with monitoring information currently available at national level. This information will help inform policy decisions to reduce Scotland's vulnerability to future financial and environmental shocks, helping build a more prosperous, resilient, equal and sustainable economy.

This progress means that we have the systems in place to deliver NSET effectively.

NSET Phase: In Delivery**Project 16:**

Further work has begun on the longer term governance process and will be realised in this financial year.

- We are in the process of finalising the membership of the Scottish Government Economic Leadership Group, which will be chaired by the First Minister and meet on a biannual basis.
- Following each meeting of the Delivery Board, we will publish the minutes and we will also publish the annual progress report each Spring to enhance public accountability and be transparent on the progress we are making.
- To ensure that the Delivery Board has the best available data, we will work with delivery partners and stakeholders to bring forward key evidence which will complement the NSET metrics of success.
- We are also establishing a shared data priorities network with public sector, academia, third sector and business.
- Throughout NSET's delivery we will continuously monitor and track spending performance through the Resource Spending Review period to ensure maximum efficiency and effective use of funding.
- We will also allocate on a regular basis the detailed budgets necessary to deliver NSET so that business and delivery partners have greater certainty and that industry can develop complementary programmes in support of their actions.

Project 17:

Work is underway to prepare the platforms for change on which to build our radical and transformational support programmes.

- We have recently completed our assessment report on progress to date and current approaches to data sets, which will inform the agreed approach as part of the revised Target Operating Model for Business Support in Scotland. This approach will be finalised by the end of the year, and the common business identifier that will be used by every delivery partner introduced starting from Spring 2023.
- We launched a CivTech challenge in June 2022 which invited proposals on how we could use data about businesses to transform the design, delivery and evaluation of business support services across Scotland's public sector.
- We are working with businesses, regulators and wider civil society representatives to consider the impacts of existing regulation and the approach to using regulation in Scotland.
- This engagement will consider the reform of the Scottish Government Regulatory Review Group.
- We will undertake a formal consultation on the reform of the process of regulation, including business regulatory impact assessments and the Scottish regulators' strategic code of practice, which we aim to complete by the end of the year.
- Working with businesses, stakeholders and regulators, we will establish how regulatory reform would help deliver sustained productivity and innovation increases across sectors, and identify regulatory changes.
- We are also building a Regulation Toolkit that will support government officials and regulators in best practice and process for reviewing existing regulation and for the development of new regulation.

This work is creating a stronger, more effective relationship with regulators who are expected to monitor and enforce regulations, ensuring that the Scottish Government considers the impact on regulators of imposing additional responsibilities, and that we showcase the positive outcomes that can be achieved from regulation in particular on public health and the environment.

Project 18:

Our monitoring work is progressing across all levels.

- A second phase of the Wellbeing Economy Monitor is being developed to support local authorities to analyse wellbeing outcomes and economic drivers in their areas. We are consulting with stakeholders to refine the local indicators and make sure the local iteration fully meets the end users' needs. We expect to launch this next development at the end of the year.
- Also towards the end of the year we will provide an update to the data provided at the national level to ensure that it remains current.
- We are mapping current and planned evaluation activity across all NSET programmes to ensure that we are best able to assess impact at programme level and inform decisions on priorities.
- Alongside this we will undertake logic modelling and outcome mapping to ensure that we can credibly tell a narrative ('from left to right') across the programme—i.e. project activity X can demonstrably contribute to outcome Y—consistent with the approach requested by the Delivery Executive to show evidence of delivery against outcomes.
- This work will also inform a common set of guidance and principles on evaluation drawing on recognised good practice. We are working closely with our delivery partners on this to ensure that our collective analytical work is coordinated, impactful and efficient.
- We are in the process of carrying out the initial impact assessment reviews and then will complete the subsequent necessary impact assessments at the appropriate levels across this programme. These will be published as soon after the respective completion dates as is possible.
- Each Programme plan is accompanied by an Equality Impact Assessment (EQIA) and we have also completed an EQIA for NSET as a whole.

These workstreams mean that by Spring 2023 we anticipate having a consistent and sustainable approach to evaluation across all NSET programmes and delivery agents.

NSET Phase: Delivery Pending**Project 16:**

Having established the platform for change and the robust structures and procedures to support successful and transparent delivery, we will move to longer-term implementation and a process of continuous improvement.

- We will continue to review and maintain our governance procedures, budgetary processes and reporting structures to ensure they remain fit for purpose and meet the needs of the economic landscape throughout NSET's delivery period.

Project 17:

Once the initial phase of our review work has completed, we will use it to inform deeper research. We aim for this to include:

- Wider survey of business organisations, experiences and opinions.
- Follow up workshops with businesses.
- Building on the engagement with regulators, we will look to develop a regulatory forum to allow Scottish Government and regulators to share information and work programmes. This will help ensure that regulatory action is aligned and best practice can be shared.
- Pulling together the feedback from stakeholders and the outcomes of the review, we will work with Scottish Government colleagues and other partners to embed improvements to the process of developing and implementing regulations to enable appropriate and judicious engagement with business and regulators so that future regulations better meet the overall societal, environmental, and economic aims of the Scottish Government.
- The Centre of Expertise will hold thematic sessions with external partners to explore in more depth how the implementation of NSET programmes and projects can help address structural inequalities in our economy and advance equality and human rights. The first session is expected to take place in Autumn-Winter 2022-23. We will also explore options for an academic partnership to bring insight and expertise in gender economics to policy making.
- We are also consulting stakeholders regarding the impact of forthcoming regulations on Scottish businesses with a view to easing the regulatory cost to them where possible.

Project 18:

As our structures mature we will work to ensure they remain responsive.

- Our ambition and intention for the Wellbeing Economy Monitor is to build on the work already underway and convert the initial report into an interactive tool reflecting the national, regional and local levels.
- Similarly, we will continually review and manage our approach to evaluation so that it remains appropriate and proportionate whilst empowering the Delivery Board, policy officials and delivery partners to prioritise and respond in an agile manner throughout NSET's lifespan.

NSET Phase: In Development

Our ambition is for economic transformation and the necessary radical change to effect this will take longer to realise. In order to fully scope, assess, design and implement the change programmes necessary to meet this ambition we will need to undertake careful research and design work in the coming months.

Development underway**Project 17:**

- Building on the excellent work already undertaken by the Business Support Partnership, we aim to develop a revised Target Operating Model, originally developed by the Business Support Partnership, for business support in Scotland. Our collaborative approach will enable us to respond to the needs of businesses through co-production and a systematic approach to service design.
- We aim to use the outcomes of the regulatory reform project to support the broader NSET themes, for example identifying what regulatory reform on process and content may best support Scotland in becoming 'a magnet for inward investment and global private capital' and stimulating entrepreneurship in new market opportunities.

Development to begin**Project 17:**

- We aim to explore digital opportunities to enhance support available for businesses, such as the introduction of a common business identifier and common access channels as part of our revised Target Operating Model.
- We aim to review international best practice of how regulation can be used to support economic and societal aims. We will look to build this best practice into the Scottish Government's approach where appropriate.
- We will develop a programme of training on equality and human rights for economic policy officials based on feedback from the foundation training sessions to identify specific further needs.

Working with Stakeholders & Partners

Who are we relying on for delivery of the programme?

- Members of the NSET Delivery Board.
- Represented through membership of the Portfolio Board: SOLACE and Enterprise and Skills Agencies.
- Represented through the Economic Leadership Board: COSLA.
- We are partnering with SCDI to develop our approaches to engaging with businesses.
- The Business Support Partnership is led collaboratively by Enterprise Agencies, local government and public bodies.
- The Centre of Expertise will be working with the Enterprise Agencies, equality and human rights stakeholders and academic experts.

Who are we involving and how (partners/stakeholders)?

- We have consulted with numerous stakeholders throughout the design and development of the Wellbeing Economy Monitor, including WEAll Scotland, Carnegie UK and academics from the University of Glasgow, who have informed and helped shape our indicator selection.
- We are working closely with leading business services providers to ensure NSET meets industry standard best practice in programme and portfolio management.
- We are engaging with businesses, principally through the business organisations and sector teams. We will also look to engage with the business sector and other stakeholders through the reformed Regulatory Review Group.
- We will engage with regulators from Scotland and other parts of the UK, initially through existing relationships such as those developed in response to the COVID-19 pandemic.

Who and where will benefit (people, places and sectors)?

- The reform of the processes to design and implement regulations have the potential to benefit the public as a whole as well as businesses across all sectors in Scotland. It should also help ensure that regulators are better able to identify Scottish Government priorities and deliver against the responsibilities set on them.
- The transformation of the provision of business support would benefit current and potential businesses in Scotland in all sectors of the economy.
- The Centre of Expertise is expected to have particular benefits for people with protected characteristics across Scotland as economic policy officials increase in knowledge and understanding of equality and human rights issues.

Working with Stakeholders & Partners

- In the service of Scotland commits the Scottish Government to actively involving users in the design, development and delivery of policies and services. As we transform the services that offer support to Scotland's business community, it will be essential to involve businesses and business representative organisations at every level of this work.
- We have discussed the Centre of Expertise with a range of equality and human rights stakeholders and academic experts to inform its structure, including with Inclusion Scotland and the Poverty and Inequality Commission, Close the Gap and the Enterprise Agencies.

Governance

Projects 16 and 18 will report directly to the NSET Portfolio Board and subsequently the NSET Delivery Board. The NSET Portfolio Board is chaired by DG Economy, the Accountable Officer for NSET, and includes representatives from key delivery partners across the public sector, including local government. Its role is to ensure programmes are on track, make cross-portfolio connections and resolve issues before progress is reported to the NSET Delivery Board. This board met for the first time on 25 May and meets 2 weeks in advance of the NSET Delivery Board.

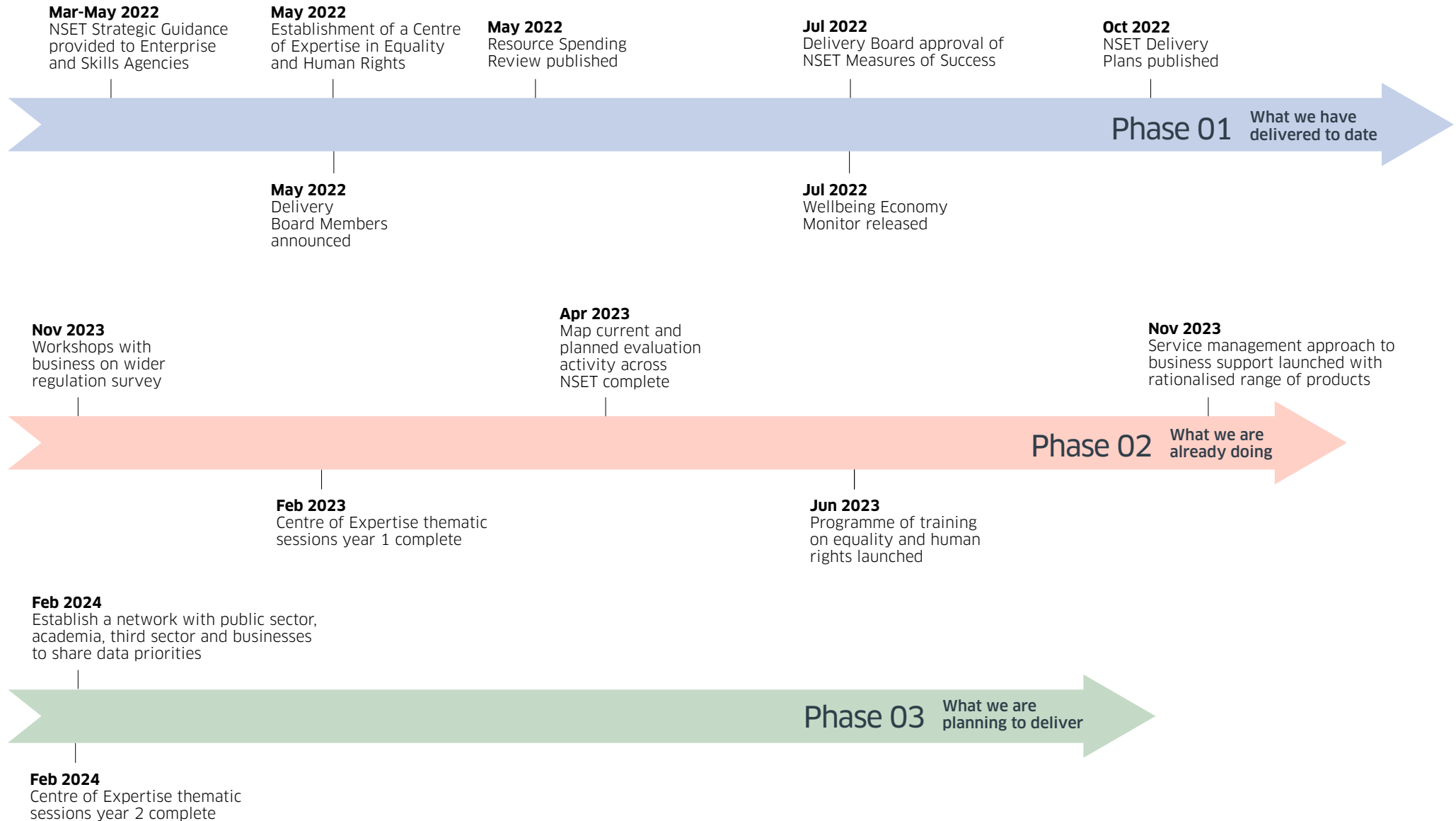
Project 17 will report to Ministers as necessary on its work as it develops, including reports and output that will be provided alongside the timetables. Where major decisions are required, these will be submitted to Ministers. We are currently considering the most appropriate and proportionate governance model to provide assurance and oversight but are clear that the Business Support Partnership (including representation from COSLA) will have a key role to play.

As part of the new delivery culture, Programme 6 has also established a new Portfolio Management Office (PMO) with a remit to work with the PMO champions across all NSET programmes in establishing and managing a new set of project management standards and practices to ensure the delivery of NSET. The newly established PMO will also support the main governance arrangements for NSET, including the Economic Leadership Group, NSET Delivery Board and NSET Portfolio Board with high quality assurance documentation with detail from across all programmes to enable monitoring and scrutiny of the delivery of NSET.

Programme 6 A Culture of Delivery

Delivery phased timeline

This timeline provides the pipeline of activity and planned milestones as it stands. As budgets become clearer and time progresses other projects and milestones will be added and timelines updated.



Establishment of a Centre of Expertise in Equality and Human Rights: [Tackling inequalities through economic recovery - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Delivery Board Members announced: [Economic delivery board announced - gov.scot \(www.gov.scot\)](http://www.gov.scot)

Wellbeing Economy Monitor released: [Wellbeing economy monitor - gov.scot \(www.gov.scot\)](http://www.gov.scot)



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