



Scotland's National Strategy  
for Economic Transformation



# Annual Progress Report

June 2023

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# Foreword

by **Neil Gray, MSP, Cabinet Secretary for Wellbeing Economy, Fair Work & Energy and Co-Chair of NSET Delivery Board**

## Neil Gray MSP

Cabinet Secretary for Wellbeing Economy, Fair Work & Energy and Co-Chair of NSET Delivery Board



The National Strategy for Economic Transformation (NSET) set out our ambitions for a wellbeing economy, one which delivers a fairer, greener economy where the economy serves the people of Scotland.

Significant progress has been made in the first year of the strategy, such as the establishment of our national Techscaler network and progressing the opportunities from our transition to a net zero economy. However, transforming the economy is a long-term endeavour and that is why action is required now to put in place foundations for success, flexing to reflect the ever changing economic conditions.

Over the last year, the Scottish economy has experienced not just the recovery from the pandemic and the impact of EU-Exit, but also the war in Ukraine, a cost crisis, and fiscal instability as a result of the UK Government's Autumn budget last year.

While the Scottish Government has responded to these new challenges, its levers are inevitably limited and wage rises and cost inflation have eroded household incomes, created a hugely uncertain environment for business and also diminished the spending power of Government as well.

It has also exposed fundamental weaknesses in the current economic system and has underlined the need to seize opportunities to positively transform our economy and improve its resilience. This will enhance living standards, reduce poverty, broaden our tax base and deliver sustainable high quality public services.

Harnessing and combining the economic power and opportunity of Scotland's rich renewable energy resources, the skills and talents of our people and business will be critical to achieving this.

The recently published policy prospectus "A New Leadership - A Fresh Start" reaffirmed our commitment to delivering the economic strategy with a sharp focus on the policies and actions with the greatest potential to grow and change Scotland's economy, expand the tax base to fund excellent public services and make people's lives better. At the same time, it reaffirmed our commitment to tackling poverty and protecting people from harm, and the actions set out in NSET have key contribution not just to our opportunity mission, but also to our equality mission.

This report therefore not only summarises the progress made in the first year of the strategy's implementation, but provides a fresh focus on the new actions we will progress to deliver a growing economy that increases wellbeing.

# Introduction

by **Barry White**,  
Co-chair of NSET Delivery Board

**Barry White**  
Co-chair of NSET Delivery Board



The National Strategy for Economic Transformation, published in March 2022, set out our 10-year plan of how we will deliver economic growth that significantly outperforms the last decade, so that the Scottish economy is more prosperous, more productive, and more internationally competitive. The strategy's ambition is not just to grow but to transform our country's economic model so that we build an economy that celebrates success in terms of environmental sustainability, quality of life and equality of opportunity and reward, as well as economic growth.

Its vision is to transition to a wellbeing economy – thriving across economic, social, and environmental dimensions – which serves and prioritises the collective wellbeing of current and future generations.

The strategy set out five transformational programmes of action to drive improvements in Scotland's economy: stimulating entrepreneurship; opening new markets; increasing productivity; developing the skills we need for the decade ahead; and ensuring fairer and more equal economic opportunities.

In addition, the strategy underlined the need to embrace a culture of delivery where partners come together as 'Team Scotland' to deliver the actions needed to truly transform the Scottish economy. A key part of this was a commitment to publish delivery plans setting out how we will work collaboratively with partners to implement the strategy. The delivery plans, and the metrics for success, were published in October 2022 along with equality impact assessments for each of the strategy's programmes and for NSET as a whole. This report provides a summary of the progress made in implementing the delivery plans.

The report also sets out how we will ensure alignment with the policy prospectus outcomes set out by the First Minister, building on the foundations put in place for NSET. This has included the formation of the New Deal for Business Group to deepen public sector links with business.

Significant progress has been made in the first year of implementing our 10 year economic strategy, and this report summarises early progress and the latest indicators. Updated delivery plans will be published later this year, taking into account progress made, developments such as the hydrogen action plan, innovation strategy and skills review, and alignment to policy prospectus outcomes, always maintaining a focus on the most transformational activities for the Scottish economy.

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# Economic Context

# Economic Context

Economic conditions have changed significantly since the publication of the strategy. The Ukraine crisis prompted a rise in global inflation, with the increased financial pressure on households and businesses resulting in a slowdown in activity across the global economy in 2022.

The start of 2023 has seen a slight improvement in economic activity and optimism compared to the second half of 2022 during which economic output remained broadly flat and inflation rose to its highest rate since 1981. However, economic conditions are extremely challenging and the outlook for the year ahead remains subdued.

Latest Gross Domestic Product (GDP) estimates show the Scottish economy grew 0.4% in the first quarter of 2023, an improvement on the 0.2% in the final quarter of 2022. In the first quarter of 2023, an improvement on the 0.2% in the final quarter of 2022. While the increase in growth is moderate overall, the recent pick-up has been evident in the Production (0.8%) and Construction (0.7%) sectors, while Service sector growth has remained more modest (0.2%). In addition, consumer-facing services have strengthened despite the ongoing challenges facing households from high inflation.

The inflation rate fell to 8.7% in April 2023 and is on a downward trend with further falls expected over the year, in particular in October 2023, as the impacts of the rise in the energy prices cap over 2022 fall out of the headline rate. The recent easing in inflation has been driven by a fall in motor fuel prices; however, this has been partly offset by a further surge in food price inflation which was 19.3% in April, still close to its highest rate since 1977, further highlighting the challenges for household budgets.

Consumer sentiment weakened in April 2023, with households becoming less confident about their household finances and spending money, although most respondents still expect the economy to strengthen over the coming year. Pressures on household finances may be beginning to ease, with recent data suggesting that pay may have begun to grow again in real terms. Pay As You Earn (PAYE) median earnings grew 0.6% on annual basis in April, reflecting nominal growth of 9.3% in nominal terms compared to inflation of 8.7%. However, the outlook for both nominal earnings growth and inflation remains very uncertain.

More broadly, Scotland's labour market continues to perform strongly at the headline level, with unemployment at 3.1% at the turn of the year, its joint second lowest rate on record. Tightness in the labour market is persisting; however, recruitment activity has continued to slow and in part reflects the ongoing economic uncertainty facing businesses for the year ahead. Long term sickness remains the main cause of labour inactivity.

Cost challenges remain a key part of that concern as businesses face higher energy and staffing costs in the face of an outlook of subdued demand for the year. Like other key indicators, business confidence has improved in recent months following a drop during the second half of last year, reflecting that while conditions are challenging, there is a greater degree of resilience than previously forecast and the economy is progressing through this current downturn. The forecast of weaker global growth presents an ongoing headwind, particularly in the face of higher interest rates, however the fall in inflationary pressures forecast for this year should further strengthen sentiment and prospects for growth.

### **Wellbeing Economy Monitor**

The Wellbeing Economy Monitor brings together a range of indicators to provide a baseline for assessing progress towards the development of a wellbeing economy in Scotland. For the 14 indicators included in the Wellbeing Economy Monitor, performance has been:

**Improving** for: greenhouse gas emissions; the percentage of employees earning below the real living wage; active travel (which includes walking and cycling); the percentage of adults with low or no qualifications; and community ownership of assets.

**Maintaining** for: the biodiversity index; young people's participation in education, training, or employment; relative poverty; child poverty; the gender pay gap; income inequality; and investment as a share of GDP.

**Worsening** for: wealth inequality and preventable deaths.

# Progress Update by NSET Programme



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# Progress Update by NSET Programme

This section summarises the progress made in the first year of delivering the economic strategy and future priorities for each programme, including new actions. Annex A provides an assessment of the delivery status of each action.

Also included is the latest data for the measures of success, which represent the key areas where the strategy is seeking to shift the dial. Achieving this will take time and will lag the progress made by the programmes. Therefore, the data can be interpreted as tracking indicators providing the latest picture on Scotland's progress rather than measuring the direct impacts of activity in the first year of our ten-year strategy. Annex B provides further detail of the strategy's measurement framework.

## Programme 1 Entrepreneurial People and Culture

### Our aim

Programme 1 aims to establish Scotland as a world-class entrepreneurial nation founded on a culture that encourages, promotes and celebrates entrepreneurial activity in every sector of our economy.

### Our programme of action

1. Embed First Rate Entrepreneurial Learning Across the Education and Skills Systems
2. Create a World Class Entrepreneurial Infrastructure of Institutions and Programmes Providing a High Intensity Pathway for High Growth Companies

3. Attract and Retain the Very Best Entrepreneurial Talent from at Home and Abroad
4. Build an Entrepreneurial Mindset in Every Sector of our Economy
5. Establish a national Techscaler network to support start-ups and boost entrepreneurship in Scotland

### Key deliverables to date

- A redesigned online platform and resource pack has been launched to promote enterprise opportunities, with 'starting your own business' now positioned in the Young Persons Guarantee as a positive destination for 16-24-year-olds across Scotland.
- Pathways for Women in Entrepreneurship report was launched, co-authored by Ana Stewart and Mark Logan, with key priority recommendations embedded across NSET.
- The Scottish Teachers Advancing Computer Science (STACS) initiative completed its first teacher upskilling pilot, with 71 teachers (approximately 13% of computer science teachers in Scotland) from 27 local authorities taking part.
- Mark Logan was appointed Chief Entrepreneur in July 2022, providing advice and guidance to the delivery of NSET Programme 1, including incorporating the Scottish Tech Ecosystem Review (STER) recommendations and relevant Pathways recommendations.
- The blueprint for Entrepreneurial Campuses has been drafted and is moving through final approval stages, to be published alongside a Charter for Post-16 institutions to sign to indicate their endorsement of our vision for Entrepreneurial Campuses in Scotland.

- First cohorts of Techscaler members have been formed to take part in courses delivered by education-provider Reforge (47 members, 17 companies) as well as Techscaler's own 'Start-up First Steps' (74 members, from all regions).
- A successful visit to New York, United States of America (USA) to connect Scottish start-up founders with USA-based investors and a follow-on visit to Scotland for a selection of USA investors with interest in exploring investment opportunities in Scottish start-ups.
- A collaboration between Techscaler and NHS Innovation Test beds was launched to leverage NHS talent and infrastructure to build and scale tech start-ups.

## Measures of success

<b>Early stage entrepreneurial activity</b>	8.0% (2021)	6.9% (2020)
<b>3-year survival rates of newly born businesses</b>	59% (2018)	58.5% (2017)
<b>Number of high growth registered businesses</b>	1,530 (2022)	2,050 (2021)

Despite a challenging global business environment, the latest data shows an increase in early-stage entrepreneurial activity and modest growth in the three-year business survival rate. While the number of high growth registered businesses has decreased by 520 between the latest two data points, it is important to note that there are lags associated with the turnover data used to measure high growth, such that, for the 2022 data, the underlying business turnover data will largely be from 2020 when turnover would have been much lower due to the COVID-19 national lockdowns and other restrictions that impacted trading conditions.

## Future priorities

- Publish Entrepreneurial Campuses blueprint paper; secure sign-ups to our Charter; agree programme funding with Scottish Funding Council and progress funding for an umbrella function to oversee the adoption of our vision across Scotland.
- Implement key recommendations from Pathways report to widen participation and tackle current gender barriers to entrepreneurship.
- Progress the roll-out of Techscaler education programmes and continue to build the profile of the network and embed Techscaler's regional presence.
- Adapt and review Scotland's apprenticeship system to ensure availability for start-ups and early scale-ups to use.
- Develop and align private sector incubators, focusing on bringing cohesion into the wider support offering in Scotland.
- Attract the world's best private sector accelerators to Scotland through an extended offer of high-quality services from tier one international accelerators which complement Techscaler, pre-scaler and pre-start-up network.
- Series of engagement to build links with diaspora and key start-up programmes on the east coast of America.



## Programme 2 New Market Opportunities

### Our aim

Programme 2 aims to strengthen Scotland's position in new markets and industries, generating new and well-paid jobs from a just transition to net zero.

### Our programme of action

1. Build on Scotland's strengths to win an ever-greater share of domestic and international market opportunities
2. Realise 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
3. Attract and deploy significant domestic and international private investment in Scotland

### Key deliverables to date

- Launched the first tranche of our hydrogen investment programme via the Emerging Energy Technologies Fund (EETF) Hydrogen Innovation Scheme. This funding scheme will provide up to £10 million to drive innovation in renewable hydrogen production, storage, and distribution in support of the Scottish Government's ambition of 5GW installed hydrogen production capacity by 2030.
- Achieved commitment to expand the value of our Green Investment Portfolio from £2 billion to £3 billion.
- Expanded the reach and impact of our international networks, increasing the number of Trade and Investment Envoys from 6 to 11 and the number of GlobalScots to 1,200 across over 60 markets.
- Developed and published Sector Export Plans for Tech, Life Sciences and Renewables in partnership with industry and our Enterprise Agencies.
- Targeted Ministerial engagement with our top 50 leading investors to rapidly scale opportunities and understand the challenges investors face.
- Commissioned a review of corporate governance structures to look at integrating measures to establish and manage companies for the public good.
- Partnerships between Facility for Investment Ready Nature in Scotland (FIRNS) and NatureScot with Hampden & Co Bank and other private sector organisations was announced aiming to mobilise up to £2 billion to help support the creation of a nature restoration project pipeline and build sustainable capacity in the sector.
- £25 million Low Carbon Manufacturing Challenge Fund launched to help Scottish manufacturing companies develop low carbon products, processes or services.
- Crown Estate Scotland confirmed all 17 successful ScotWind applicants have option agreements in place, allowing projects to move into development stage.
- Funding of more than £50 million announced through the Just Transition Fund to support transition of the North East and Moray towards a low carbon-economy.
- Opened the National Manufacturing Institute Scotland (NMIS) flagship building in Renfrewshire, delivered through making Scotland's Future Programme and a key part of our commitment to manufacturing.
- Established the First Minister's Investor Panel to attract global investors. The Panel will provide a set of recommendations, primarily around how we attract mobile capital investment to the physical infrastructure needed to support a just transition.

## Measures of success

<b>Level of capital investment</b>	£34.4 billion (2022)	£31.4 billion (2021)
<b>Exports (as a share of GDP)</b>	22.0% (2022)	20.3% (2021)
<b>Number of planned inward investment jobs</b>	7,780 (2021-22)	(2020-21)

Capital investment within the Scottish economy rose by 8.7% in 2022 despite the increase in the cost of borrowing from higher interest rates and uncertain economic conditions.

The value of annual goods and services exported overseas increased by around 20% in 2022 compared to the previous year, but overall exports as a share of GDP remained at around 21%. Latest data from the Purchasing Managers Index (PMI) survey indicates supply chain disruption has moderated over the year with supplier delivery times continuing to improve.

The latest HM Revenue & Customs (HMRC) statistics show that compared to the previous year, Scotland continues to outperform the UK when oil and gas are excluded. The value of Scotland's international goods exports increased by 20.5% in 2022 compared to 2021, which is greater than the 13.3% increase for the UK.

## Future priorities

- The second tranche of the EETF hydrogen investment programme, the Green Hydrogen Fund, will be launched in 2023. This £90 million flagship fund is a multi-year fund designed to support the development of local and regional green hydrogen production projects needed to support the Scottish Government's ambition of 5GW installed hydrogen production capacity by 2030 and commitment to reach net zero by 2045.
- Innovation and Targeted Oil & Gas (INTOG) leasing round managed by Crown Estate Scotland Exclusivity Agreements.
- Stage 1 Strategic Investment Model (SIM) proposals to be assessed and identification of proposals to be developed further for collaborative investment.
- Publication of a Hydrogen Export Plan by the end of 2023, setting out how we will realise the opportunities from Hydrogen internationally.
- Publication of metrics and evaluation reports on inward investment and export support in Scotland to inform prioritisation of next phase of delivery.
- Showcase Scottish low carbon energy transition expertise at COP28 in Dubai in November 2023.
- Deliver the Making Scotland's Future Programme, outlining a revised set of actions towards manufacturing industry recovery.
- Publication of Innovation Strategy, to include action on closing productivity gap and building clusters.



## Programme 3 Productive Businesses and Regions

### Our aim

Programme 3 aims to make Scotland's businesses, industries, regions, communities and public services more productive and innovative.

### Our programme of action

1. Improve connectivity infrastructure and digital adoption across the economy
2. Upskill business and public sector leaders, pioneering novel approaches to driving productivity improvements
3. Realise the potential of the different economic and community assets and strengths of Scotland's regions

### Key deliverables to date

- The Reaching 100% (R100) programme has connected over 25,000 premises to date, has delivered over 3,000 connections through its Scottish Broadband Voucher Scheme, and has successfully laid 16 new subsea fibre cables, delivering mainly gigabit capable connections (more than 30 times faster than the original commitment).
- The Scottish 4G Infill (S4GI) programme has delivered 49 out of a planned 55 live masts as of April 2023, with the remaining expected to be complete in summer 2023.
- Published the Second Strategic Review of the National Transport Strategy which set out key priorities for transport investment.
- The Digital Productivity Lab pilot has built on the success of the DigitalBoost Grant (which invested almost £50 million to help digitalise over 5,600 SMEs, unlocking over £60 million of private sector match-funding) by helping SMEs and businesses to progress projects initially funded by the grant.
- Funding for Financial Year 2023/24 was secured and announced for Productivity Clubs with Scottish Council for Development and Industry.
- The Regional Economic Policy Review was completed, setting out 11 recommendations for the future delivery of regional economic development in Scotland. Work has started on two of these recommendations: the development of regional intelligence hubs and aggregated budgeting.
- Draft Energy Strategy and Just Transition Plan (ESJTP) was published, consulting on the draft route map of actions planned to deliver a flourishing net zero energy system.
- In line with the commitment set out in 'Best Start, Bright Futures', our Tackling Child Poverty Delivery Plan, the Community Wealth Building (CWB) Steering Group was established and consultation commenced on CWB legislation. Co-produced a Guide to support local authorities and partners develop their CWB action plans.

## Measures of success

<b>Productivity (GVA per hour worked)</b>	£37.92 (Q4 2021)	£36.73 (Q4 2020)
<b>Business R&amp;D spend (£ million)</b>	£3,121 (2021)	£2,927(2020)
<b>Proportion of businesses innovative active</b>	39.0% (2018-2020)	32.2% (2016-18)
<b>Digital skills in businesses</b>	21.0% (2021)	26.0% (2017)

Business confidence weakened slightly in March; however, remained notably higher than in the second half of 2022 reflecting that while conditions are challenging, there is a greater degree of resilience than previously forecast.

The latest data reports a marked improvement in the proportion of businesses that were innovation active in Scotland between 2018-20, however Scotland still lags behind the UK where 44.9% of businesses were innovation active.

Business R&D spend increased by 6.6% in 2021 and revisions in the methodology indicate that Scotland performs significantly better than previously estimated. However, further work is underway to test the robustness of the new estimates.

## Future priorities

- Launch a review of how to increase number of social enterprises, employee-owned businesses and cooperatives in Scotland.
- The CWB Review, following the end of the CWB Consultation, is due to be published by the end of 2023, and will continue to develop our approach to reducing poverty, in particular child poverty, by taking a progressive approach to economic development.
- Continue to deliver the S4GI Programme to ensure all 55 masts are built and energised, followed by a formal evaluation on the realisation of all benefits delivered for the investment.
- Continue to deliver all elements of the R100 programme, connecting premises across Scotland to enable the benefits which digital connectivity bring. Build has been extended to deliver additional coverage.
- Deliver Regional Intelligence Hubs to support Regional Economic Partnerships in priority setting and monitoring.
- Recognising the importance of house building as both an enabler of economic development and a key economic sector, we will work jointly to improve delivery, capacity and efficiency.



## Programme 4 Skilled Workforce

### Our aim

Programme 4 aims to ensure Scotland's people have the skills they need to have rewarding careers, grow their income, and meet the demands of an ever-changing economy.

### Our programme of action

1. Adapt the education and skills system to make it more agile and responsive to our economic needs and ambitions
2. Support and incentivise people, and their employers, to invest in skills and training throughout their working lives
3. Expand Scotland's available talent pool, at all skills levels, to give employers the skills pipeline they need to take advantage of opportunities

### Key deliverables to date

- Independent review of the Skills Delivery Landscape was launched, which focussed on the skills functions of Scotland's national public bodies and Skilled Workforce Programme Board established.
- An Interim publication of the Purpose and Principles plan was published, setting out topics for further discussion and debate on how to support Ministers, Non-Departmental Public Bodies and other decision makers to deliver the reform necessary to secure a sustainable future.
- Shared Outcomes Assurance Group established for delivery of the Shared Outcomes Framework Regional Pathfinder projects and first work package completed. The Regional Pathfinders project on data and analysis around current skills provision and unmet demand has concluded and a report of the outputs has been published.
- The South West Educational Pathways pilot (a collaboration between Dumfries and Galloway College, the University of the West of Scotland and Dumfries and Galloway Council) has developed an integrated degree pathways in Cyber Security and Business for senior phase learners in the region.
- Strathclyde and Warwick Universities research on the definition of green jobs, a key step in defining the scale of the challenge and recognising the opportunities for the transition to net zero for workers and employers.
- In line with the shared commitments across NSET and Best Start, Bright Futures, we progressed commitments to support adults to develop their skills. The National Strategy on Adult Learning was published, outlining how the Scottish Government aims to create new and better opportunities for community-based adult learning.
- Lifetime upskilling and retraining offer developed, evaluating current training programmes and developing a clearer picture of the barriers and opportunities for change.
- Provided upskilling and reskilling support to individuals via Individual Training Accounts and to businesses via the Flexible Workforce Development Fund, and a Flexible Workforce Development Fund Evaluation was published.
- Rural visa pilot proposal for remote and rural communities was endorsed by the Scottish Parliament and submitted to the UK Home Office, taking important first steps towards expanding Scotland's available talent pool by addressing the distinct needs of our diverse geographical areas.
- Established a talent attraction and retention programme, targeting the skills shortage needs of our industries across the UK through the Industry Advisory Group on rUK talent attraction, international talent through the Student Retention pilot, and the Skills Recognition Scotland project to allow employees with international skills to get formal recognition of their expertise and experience.

## Measures of success

<b>Skill shortage vacancy rate</b>	3% (2020)	6% (2017)
<b>Percentage of young people (16-19) participating in education, training or employment</b>	92.4% (2022)	92.2% (2021)
<b>Percentage of adults (16-64) with low/no qualifications (SCQF Level 4 qualifications or below)</b>	9.1% (2021)	9.7 (2020)
<b>Proportion of establishments reporting at least one employee whose skills are under-utilised</b>	33% (2020)	35% (2017)
<b>Percentage of people in employment aged 16-64 (excluding full-time students) receiving job related training</b>	25.5% (2022)	23.5% (2021)

The Scottish labour market has continued to remain robust, with near-record low unemployment rates. The number of vacancies within the economy are still estimated to be significantly higher than pre-pandemic levels, and recruiters still face recruitment difficulties in key sectors of the economy. There is also evidence that the number of people economically inactive due to long-term sickness has risen relative to before the pandemic.

## Future priorities

- Set out our approach in response to the Withers Review and through the final Purpose and Principles for post school education, research and skills.
- Policy options for system changes for the lifetime upskilling and retraining offer to be considered and reported on ensuring tackling child poverty remains central to its development.
- Continue the development of the seven pilots for the Regional Pathfinders project on good emergent practice for the tertiary education system on skills planning and delivery, and move onto testing phase with delivery of new course provision and pathways.
- The Scottish Government will publish an update to the Climate Emergency Skills Action Plan (CESAP) later in 2023 to set out the progress made so far in embedding green skills into the system, and the approach that we intend to take with partners to support priority sectors, including those developing Just Transition Plans, to ensure they have a pipeline of skilled workers for a net zero future.





## Programme 5 A Fairer and More Equal Society

### Our aim

Programme 5 aims to reorient Scotland's economy towards fair work, delivering higher rates of employment and wage growth, significantly reducing structural poverty, and improving health, cultural and social outcomes for disadvantaged communities.

There is a close link between actions set out in Programme 5 and actions to support parents to increase their earned income in Best Start, Bright Futures, and further detail on these shared commitments is set out in the Tackling Child Poverty Delivery Plan Progress Report 2022-23.

### Our programme of action

1. Tackle poverty through fairer pay and conditions
2. Eradicate structural barriers to participating in the labour market

### Key deliverables to date

- Announcement of Fair Work conditionality on grants as the default position so that all grant recipients will be required to pay at least the real Living Wage and provide appropriate channels for effective workers' voice.
- Strengthened approach to conditionality through Fair Work First for which we have already applied to some £4 billion of public funds since 2019 and published updated Fair Work First guidance for this new requirement.
- Advert (contract notice) published for the National Civil Engineering Framework, a flagship procurement programme demonstrating Scottish Government commitment to the real Living Wage.
- Existing commitments to sectoral agreements are being pursued in Social Care and National Care Service, through the Retail Strategy as well as other sectors, and will be test cases for the broader initiative around Fair Work Agreements.
- The Scottish Government Response to the recommendations in the Business Purpose Commission's report was published.
- Best Start, Bright Futures: tackling child poverty delivery plan 2022 to 2026 was published, outlining Scotland's actions towards delivering on Scotland's national mission to tackle child poverty.
- Launched the new Anti-Racist Employment Strategy and published the refreshed Fair Work Action Plan: Becoming a Fair Work Nation by 2025. The plan aligns actions across Fair Work policy areas, taking an intersectional approach where appropriate, while continuing to focus on discreet issues for and barriers experienced by disabled people, the over 50's workforce, women and racialised minorities.
- Successful implementation of No One Left Behind Phase 2, moving towards an employability system which is flexible, joined up and responsive.
- Fair Start Scotland services continued to deliver well with high volumes of referrals coming from Jobcentre Plus. Across the year we gained approval to extend contracts which will now accept referrals to March 2024.
- Published the Ethnicity Pay Gap Strategy, to consider and address the issues that are driving disparities and the role that pay gap reporting can play.
- Initial advice, evidence, and recommendations to address the challenges around economic inactivity in Scotland presented to Ministers and Cabinet as part of a wider agenda item on Child poverty.

## Measures of success

<b>Percentage of employees aged 18 or over earning the real living wage or higher</b>	91.0% (2022)	85.5% (2021)
<b>Employment rate (16-64)</b>	75.3% (Jan - Mar 2023)	75.5% (Jan - Mar 2022)
<b>Gender pay gap for full-time employees</b>	3.7% (2022)	3.0% (2021)
<b>Employee voice</b>	35.4% (2022)	36.4% (2020)
<b>Proportion of employees in contractually secure employment</b>	94.1% (2022)	95.0% (2021)


Average pay growth continues to lag behind inflation, reducing the real purchasing power of households. Although inflation has begun to fall, prices are expected to be around 20% higher by the end of 2023 than they were in 2020, meaning that household finances will continue to face significant pressures. The Scottish Government continues to encourage employers to adopt Fair Work practices and pay the Real Living Wage. In 2022, 91.0 per cent of employees in Scotland were paid at least the real living wage, increasing over the year and continuing the longer-term upward trend seen since 2018 (80.6 per cent).

The employment rate remains close to a record high and the young people's (16-24) employment rate was estimated at 57.9 per cent in 2022, increasing by 4.0 percentage points from the previous year. In 2022, the median Gender Pay Gap for full time employees increased slightly to 3.7 per cent but it has remained below the UK gap (8.3 per cent).

## Future priorities

- Conditionality on grants for Fair Work and Sectoral Fair Work agreements to be implemented from July 2023.
- Award the Civil Engineering Framework (demonstrating Scottish Government commitment to the real Living Wage).
- National Stakeholder discussion events planned in the Summer of 2023 to feed into plans to publish the No One Left Behind Strategic Plan in late 2023, setting out our critical path to 2026, followed by the next phase of No One Left Behind due to begin in April 2024.
- Labour market participation plan to be published, with action to improve the wider support system for people looking to enter the labour market and stemming the flow of individuals leaving work prematurely.
- Implementation of actions within Fair Work Action Plan on positive employment outcomes for women, disabled people and ethnic minorities, assessment of how conditionality can be applied further as a mechanism to nudge change, and further development of sectoral agreements.
- Scoping widening of lived experience panel to ensure more accurate representation of user groups to collaborate and co-produce policy and delivery approaches.
- Scale delivery of employability support for parents, together with our local authority partners.

- Continue to not only build on learning from Parental Employability Support Fund, but crucially drive better links between employability and other key services that parents require to support their journey towards employment, including childcare and transport as outlined in Best Start, Bright Futures, delivered through the No One Left Behind approach.



## Programme 6 A Culture of Delivery

### Our aim

Programme 6 aims both to ensure successful delivery of all other NSET programmes and change the delivery culture to support the economy across the public sector. We will work to create a culture of accountability and delivery, with objectives clearly allocated and accepted across the public, private and third sector.

### Our programme of action

1. Strengthen accountability and transparency
2. Transform the way support is delivered to people and businesses across Scotland
3. Measure success

### Key deliverables to date

- NSET Delivery Plans published, setting out a delivery framework for the NSET strategy focussed on 6 programmes of action.
- NSET Accountability Framework published, providing clarity on roles and responsibilities of the wide range of partners delivering NSET.
- A robust governance structure to oversee the successful implementation of NSET is now up and running, including an NSET Portfolio Board and NSET Delivery Board – co-chaired by Barry White and Cabinet Secretary for Wellbeing Economy, Fair Work and Energy, drawing on business and academic leaders.
- Logic Models for five out of six programmes have also been developed to ensure activities are linked in a clear roadmap to outcomes, with the final logic model in development.
- Programme and Project Management (PPM) tools and processes have been established to embed delivery culture into NSET programmes including programme plans and portfolio and programme level dashboards to plan and delivery activities,

monitor and challenge progress, and manage and escalate key programme risks.

- Work with delivery plans and business has identified early opportunities around data about businesses, and the “front door” to make it as easy as possible for businesses to access the support for which they are eligible.
- The establishment of A New Deal for Business Group co-chaired by Dr Poonam Malik, Head of Investments at the University of Strathclyde, and Wellbeing Economy Secretary Neil Gray, which will deepen links with the private sector, focusing on: economic conditions and performance; ensuring the best environment to do business; and the transition to a wellbeing economy.
- The Joint Regulatory Taskforce brings together the Scottish Government, Convention of Scottish Local Authorities (COSLA), business organisations and regulatory bodies to improve the way we develop new regulations and ensure the cumulative impact on businesses is understood, and any unintended consequences can be mitigated.
- Established a Centre of Expertise in Equality and Human Rights to work with external partners to build capacity, skills and knowledge and embed equality and human rights in the economic policy-making process. The Centre has put in place an internal infrastructure, including a policy network of Scottish Government officials and representatives of the enterprise agencies, to provide peer-to-peer support, share good practice and drive continuous improvement.
- Wellbeing Economy Monitor and Toolkit published which brings together a range of indicators to provide a baseline for assessing progress towards the development of a wellbeing economy in Scotland.

## Ambition indicators

<b>Fairer</b>		
<b>Income inequality (Palma ratio)</b>	18% (2019-22)	20% (2018-21)
<b>Regional inequality in GDP per head</b>	0.26 (2019)	
<b>Wealthier</b>		
<b>Real GDP</b>	4.9% [2022]	8.4% [2021]
<b>Income tax receipts</b>	£12.1 billion (2020-21)	
<b>Working age population</b>	3,443,973 (Dec-Feb 23)	3,431,594 (Dec-Feb 22)
<b>Greener</b>		
<b>GHG emissions</b>	-58.7% (2020)	-51.5% (2019)
<b>Natural Capital Asset Index</b>	102.8 (2020)	102.6 (2019)

The Scottish economy grew by 4.9% in 2022, following growth of 8.4% in 2021 as the economy continued to adjust following the pandemic and the impacts of the inflationary shock exacerbated by the war in Ukraine. The pace of growth slowed sharply over the course of the year, with growth largely confined to the first quarter of 2022. Latest data shows the Scottish economy grew by 0.4% in the 3 months to Feb 2023.

Income inequality in Scotland has reduced, with the top ten percent of the population in 2019-22 having 18% more income (before housing costs) than the bottom forty percent combined. This compares to 33% more income of the top ten percent in 2007-10, the period with the highest income inequality in this time series.

## Future priorities

- Develop new Target Operating Model for Business Support in Scotland.
- Develop a common approach to business identification as part of the wider target operating model.
- Implement the Master Customer Record programme across the Business Support Partnership, to make better use of the data we already hold about businesses across the public sector and make it easier to target support at those who need it.
- Development of NSET Evaluation Framework to allow shorter term measurement towards outcomes.
- The Centre of Expertise in Equality and Human Rights, following a recommendation from the National Advisory Council on Women and Girls, will have a specific focus in its initial work on mainstreaming gender equality and embedding intersectional gender competence. The Centre will continue to design and deliver a programme of learning & development to offer to economy officials in partnership with experts outside of government. The Centre will also develop mechanisms that support the involvement of stakeholder and academic expertise in the development of policies to implement NSET.
- A New Deal for Business which will deepen links with the private sector, focusing on: economic conditions and performance; ensuring the best environment to do business; and the transition to a wellbeing economy likely to include a particular focus on parents given the links to our critical mission on tackling poverty, in particular child poverty.

# 3



## Forward Look

# Forward Look

Significant progress has been made in the first year of delivering the economic strategy. As economic conditions change, we have adapted our approach and continue to test whether our actions are having the maximum impact.

High inflation has placed unprecedented pressure on Scotland's public finances and enormous strain on budgets, leading to difficult fiscal choices including the budget supporting the economic strategy.

Prioritisation is therefore essential. The recently published policy prospectus "A New Leadership - A Fresh Start" reaffirmed our commitment to delivering the economic strategy with a sharp focus on the policies and actions with the greatest potential to grow and change Scotland's economy, expand the tax base to fund excellent public services and make people's lives better.

Alongside this our commitment to tackling poverty and protecting people from harm are key to delivering on our equality mission.

The prospectus set out the outcomes to achieve by 2026, which include:

- Support the creation of more high quality jobs, stronger businesses, and vibrant communities by working with businesses and other partners to raise the rate of investment in productive assets.
- Increase the number of people earning at least the real living wage, working in jobs that meet Fair Work principles, and contributing to society through fulfilling and increasingly productive work, narrowing the gender pay gap.

- Help more people, including parents, into work, through employability support, skills support and high quality early learning and school age childcare provision, with fewer people unable to work due to ill health or disability.
- Put Scotland on track to become a leading European start-up nation, in which more businesses are created and grow to scale.
- Support the emergence of internationally competitive clusters of excellence – including in green technologies, health & life sciences, digital and advanced manufacturing – driven by investment and innovation.
- Support the sustained growth of international exports while diversifying into new markets; with more, higher-quality, inward investment, and Scotland's attractiveness as a location for inward investment improving.
- Seizing major opportunities to attract a pipeline of investment across sectors to secure the economic and community benefits from the just transition to net zero, and ensure we continue to tackle fuel poverty, working with our advisory panel, to progress towards our statutory fuel poverty targets.

The future priorities identified within each of the strategy's policy programmes will ensure we are on track to achieve these outcomes and the longer-term ambitions of our economic strategy. We will closely monitor the impact these actions are having and continue to report progress as we continue to transform our economy.

# Annexes

# 4





# Annexes

## Annex A – Action Progress Status

Action Progress Key	Complete	In progress	Not started
<b>Programme 1: Entrepreneurial People &amp; Culture</b>			<b>Status</b>
Action 1 - Entrepreneurial Learning		In progress	
Action 2 - Embed entrepreneurship in Young Person's Guarantee to cultivate the business leaders of tomorrow by exposing them to first-rate start-up techniques & experiences & presenting business start-up as an aspirational, realistic & fulfilling career choice	Complete		
Action 3 - Scotland's Apprenticeship System			Not started
Action 4 - Entrepreneurial Campus		In progress	
Action 5 - Develop innovative, industry-led pathways to redirect the best entrepreneurial talent into building new companies		In progress	
Action 6 - Create a national system of "pre-scaler hubs"		In progress	
Action 7 - Expand the scope of the current tech-scaler programme		In progress	
Action 8 - Develop and align private sector incubators			Not started
Action 9 - Attract the world's best private sector accelerators to Scotland			Not started
Action 10 - Access to support programmes from amongst the most under-represented groups		In progress	
Action 11 - Appoint a Chief Entrepreneur to ensure entrepreneurship is embedded in the economy & partnerships with industry & investors are prioritised & strengthened		In progress	
Action 12 - Attract international entrepreneurs to Scotland		In progress	
Action 13 - Attract entrepreneurial students			Not started
Action 14 - Enhance Scotland's profile at key international set pieces		In progress	
Action 15 - Build strategic partnerships with other key entrepreneurial ecosystems			Not started

<b>Programme 1: Entrepreneurial People &amp; Culture</b>	<b>Status</b>
Action 16 - Expand application of entrepreneurial thinking & approaches to public service reform & ensure staff at every level working in the public & third sectors are exposed to entrepreneurial training as part of ongoing professional development. Implement metrics to reward entrepreneurial approaches & activity within public sector bodies	<b>Not started</b>
Action 17 - CivTech programme a mandatory part of the way in which the big change programmes of Government are delivered	<b>Not started</b>
Action 18 - Build on the success of CivTech, leveraging public procurement to stimulate more business start-ups and support Scottish scale ups.	<b>Not started</b>
Action 19 - Proactively promote business start-up opportunities to those at risk of redundancy through Partnership Action for Continuing Employment (PACE) programme	<b>Not started</b>

<b>Programme 2: New Market Opportunities</b>	<b>Status</b>
Action 20 - Deliver on our export plan which takes a targeted sector and country approach to raising Scotland international exports	<b>In progress</b>
Action 21 - Promote Scotland as an innovative test bed for new technologies and markets	<b>In progress</b>
Action 22 - Provide public sector R&D grant support & finance	<b>In progress</b>
Action 23 - Provide capital investment to support renewable hydrogen production	<b>In progress</b>
Action 24 - Deliver on the ambitions of ScotWind and future renewable energy developments	<b>In progress</b>
Action 25 - Expand the Supply Chain Development Programme	<b>In progress</b>
Action 26 - Adopt a cluster building approach to strengthen our position in new markets	<b>In progress</b>
Action 27 - Review our strategic approach to public ownership so that public companies are managed, developed & initiated for the public good & work collaboratively to provide support and advice to identify opportunities to establish successful public companies	<b>In progress</b>
Action 28 - Establish FM co-chaired investor panel to attract investment for pipeline of projects that support our transition to Net Zero	<b>In progress</b>
Action 29 - Improve access to private capital for business investment & growth	<b>In progress</b>
Action 30 - Expand and enhance our Green Investment Portfolio	<b>In progress</b>
Action 31 - Establish a values led, high integrity market for responsible private capital investment in natural capital	<b>Not started</b>
Action 78 <sup>1</sup> - Deliver Inward Investment Plan to attract high quality inward investment & technologies into sectors such as energy transition, tech & space	<b>In progress</b>

1 New Action added March 2022

<b>Programme 3: Productive Businesses and Regions</b>	<b>Status</b>
Action 32 - Deliver the Strategic Transport Projects Review 2	<b>Complete</b>
Action 33 - Provide an efficient, resilient digital infrastructure including continued investment in improved broadband, fibre & mobile coverage for residential & business premises. Enhance the resilience of digital infrastructure through direct international links to the internet & development of data centres aligned with renewable power sources	<b>In progress</b>
Action 34 - Establish a Digital Productivity Fund supporting business to improve firm-level productivity	<b>In progress</b>
Action 35 - Develop joint actions to increase digital understanding & adoption	<b>In progress</b>
Action 36 - Design & implement programmes on the practical actions business & leaders can take to boost productivity, at scale	<b>Not started</b>
Action 37 - Design & implement Team Scotland leadership programme across public & private sectors to attract & develop ambitious, skilled, empowered leaders	<b>In progress</b>
Action 38 - Appoint Productivity Ambassadors to promote understanding of driving productivity improvements, build international networks with their peers & deliver learning as part of the Team Scotland leadership programme	<b>Not started</b>
Action 39 - Establish a measure of the resilience of the economy, monitoring, assessing & 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	<b>Not started</b>
Action 40 - Launch the Centre for Workplace Transformation <sup>2</sup>	<b>Not started</b>
Action 41 - Expand SCDI-led network of Productivity Clubs for businesses to use peer-to-peer learning to identify opportunities to improve productivity	<b>Not started</b>
Action 42 - Reinforce commitment to regional collaboration through Regional Policy Review & work with Regional Economic Partnerships to deliver strategies with regional economic policies & tailor interventions to evidenced regional strengths & opportunities. Identify the transformational interventions in local economies, including infrastructure investment, attracting inward investment or supporting local networks of businesses. Work with regional partners, trade unions & businesses to co-produce key sectoral & regional Just Transition plans & ensure that those impacted have a voice	<b>In progress</b>

<sup>2</sup> In his response to the Covid-19 Recovery Committee's inquiry into the impact of the pandemic on Scotland's labour market, The Minister for Just Transition, Employment and Fair Work set out the Government's decision not to open a dedicated new Centre given the tight fiscal environment and the existence of a number of institutions and programmes which are dedicated to improving workplace productivity and wellbeing, and which are already effectively engaging with businesses at scale <https://www.parliament.scot/chamber-and-committees/committees/current-and-previous-committees/session-6-covid19-recovery-committee/correspondence/2023/road-to-recovery-impact-of-the-pandemic-on-the-scottish-labour-market>

<b>Programme 3: Productive Businesses and Regions</b>	<b>Status</b>
Action 43 - Introduce Community Wealth Building legislation	<b>In progress</b>
Action 44 - Undertake & publish review of how to increase the number of social enterprises, employee-owned businesses & cooperatives in Scotland, supporting regional regeneration & the wealth of local communities. Learn lessons from others, best practice	<b>In progress</b>
<b>Programme 4: Skilled Workforce</b>	<b>Status</b>
Action 45 - Develop proposals for a national digital academy focussed around the provision of SCQF level 6 qualifications including Highers, to open up access to a wide array of subjects to a wider array of learners - likely to include broadening young people's access to subjects which may not be available locally, as well as supporting post-school learners to access learning later in life & around other commitments	<b>Not started</b>
Action 46 - Deliver the national strategy on adult learning	<b>In progress</b>
Action 47 - Deliver key actions from the Scottish Funding Council Review of Coherent Provision and Sustainability	<b>In progress</b>
Action 48 - Implement next phase of the Green Jobs Workforce Academy & launch new skills guarantee for workers in carbon intensive industries	<b>In progress</b>
Action 49 and Action 50 (Actions Combined) - Implement a lifetime upskilling and retraining offer that is more straightforward for people and business to access and benefit from	<b>In progress</b>
Action 51 - Develop a new Skills Pact to underpin our commitment to strong partnership working with both employers and unions	<b>Not started</b>
Actions 52 + 53 (Actions Combined) - Expand Scotland's Available Talent Pool	<b>In progress</b>
Action 54 - Systematically address Scotland's labour market inactivity challenges	<b>In progress</b>
<b>Programme 5: Fairer and More Equal Society</b>	<b>Status</b>
Action 55 - Apply Fair Work conditionality to grants, requiring payment of real Living Wage & channels for effective workers' voice by summer 2022	<b>In progress</b>
Action 56 - Deliver the commitment to require payment of the real Living Wage in Scottish Government contracts from October 2021	<b>In progress</b>
Action 57 - Work with employers & trade unions in sectors where low pay & precarious work can be most prevalent (i.e., hospitality & early learning & childcare) to promote sectoral fair work agreements & collective bargaining to achieve higher standards of pay, better security of work & greater union representation	<b>In progress</b>

<b>Programme 5: Fairer and More Equal Society</b>	<b>Status</b>
Action 58 - Build on findings from the Business Purpose Commission Report to inform how businesses can deliver positive impacts on prosperity, wellbeing & environmental sustainability	<b>Complete</b>
Action 59 - Set out how we will support parents to increase incomes from employment within the next Tackling Child Poverty Delivery Plan to be published end of March 2022	<b>Complete</b>
Action 60 - Simplify the employability system by implementing No One Left Behind (NOLB), combining funding streams & transfer investment from national to local governance to enable delivery of person-centred, place-based integrated support. Fair Start Scotland contracts end in March 2023, offering significant opportunity for further NOLB investment	<b>In progress</b>
Action 61 - Ensure Every Contact Counts in delivering an aligned, integrated offer of support for those seeking to move towards, into or progressing within the labour market, & ensure that individuals & families have access to advice and services they need to thrive, including housing, health, affordable & flexible childcare & transport offers	<b>In progress</b>
Action 62 - Take further steps to remove barriers to employment & career advancement for disabled people, women, those with care experience & people from minority ethnic groups	<b>In progress</b>
Action 63 - 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, with an initial focus on parents from the six priority family groups at risk of child poverty	<b>Not started</b>
Action 64 - Establish Centre of Expertise in Equality & Human Rights in Scottish Government	<b>In progress</b>

<b>Programme 6: New Culture of Delivery</b>	<b>Status</b>
Action 65 - Restructure Enterprise & Skills Strategic Board into National Strategy for Economic Transformation (NSET) Delivery Board	<b>Complete</b>
Action 66 - Establish the Scottish Government Economic Leadership Group	<b>Not started</b>
Action 67 - Introduce common accountability framework with delivery partners	<b>Complete</b>
Action 68 - Provide multi-year budgets through Resource Spending Reviews	<b>Complete</b>
Action 69 - Ensure NSET Board has best available public sector, academic & private data	<b>In progress</b>

<b>Programme 6: New Culture of Delivery</b>	<b>Status</b>
Action 70 - Establish a programme to transform the way in which the public sector in Scotland provides support for workers and businesses. This includes reviewing the products & services available, tailoring them & targeting grant support to delivery of aims	<b>In progress</b>
Action 71 - Ensure strategic guidance to key delivery agencies aligns with priorities & delivers programmes of action set out in the strategy & is consistent with multi-year budgeting to allow delivery partners to plan ahead	<b>In progress</b>
Action 72 - Target support effectively to businesses in every region by introducing a common business identifier to be used by every delivery partner. Work with businesses to design target operating model used by delivery partners & develop supporting technical, data architecture for future services. Improve quality & accessibility of Scotland's business, skills & other relevant data held across the delivery landscape	<b>Not started</b>
Action 73 - Work with stakeholders to consider how regulation can be used to support economic & societal aims. Use to improve the approach to future regulation & guidance	<b>Not started</b>
Action 74 - Finalise detailed delivery plans within six months of strategy publication, setting out how programmes will be taken forward	<b>Complete</b>
Action 75 - Publish progress report from NSET board to enhance public accountability	<b>Complete</b>
Action 76 - Publish a wellbeing economy monitor	<b>Complete</b>
Action 77 - Ensure a consistent approach to evaluation to drive continuous improvement	<b>In progress</b>
Action 79 <sup>3</sup> - Lead work with business and across government on re-setting the relationship with business through delivering on recommendations made by the New Deal Group for Business.	<b>In progress</b>

# Annex B – NSET Measurement Framework

The high level “measures of success”, which precede the narrative describing key deliverables from each programme in this report, are representative of the key areas where the NSET programmes seek to shift the dial to maximise impact. We will ensure that indicators will be aligned with the priorities set out in the policy prospectus to maintain momentum and improve reporting and accountability.

These have been agreed based on: (1) the detailed NSET evidence base which underpinned creation of the strategy itself; and (2) mapping of priority NSET actions to outcomes.

## Vision

**A Wellbeing Economy:**  
Thriving across economic, social and environmental dimensions.

## Ambition

<p><b>Fairer</b></p> <p>Ensuring that work pays for everyone through better wages and fair work, reducing poverty and improving life chances.</p>	<p><b>Wealthier</b></p> <p>Driving an increase in productivity by building an internationally competitive economy founded on entrepreneurship and innovation.</p>	<p><b>Greener</b></p> <p>Demonstrating global leadership in delivering a just transition to a net zero, nature-positive economy, and rebuilding natural capital.</p>
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## Programmes of Action

 <b>Entrepreneurial People and Culture</b>	 <b>New Market Opportunities</b>	 <b>Productive Businesses and Regions</b>	 <b>Skilled Workforce</b>	 <b>A Fairer and More Equal Society</b>
 <b>A Culture of Delivery</b>				

In this first year of NSET delivery movement in the measures of success are unlikely to be directly attributable to NSET activity. However, it is important to monitor them to see if Scotland is moving in the right direction.

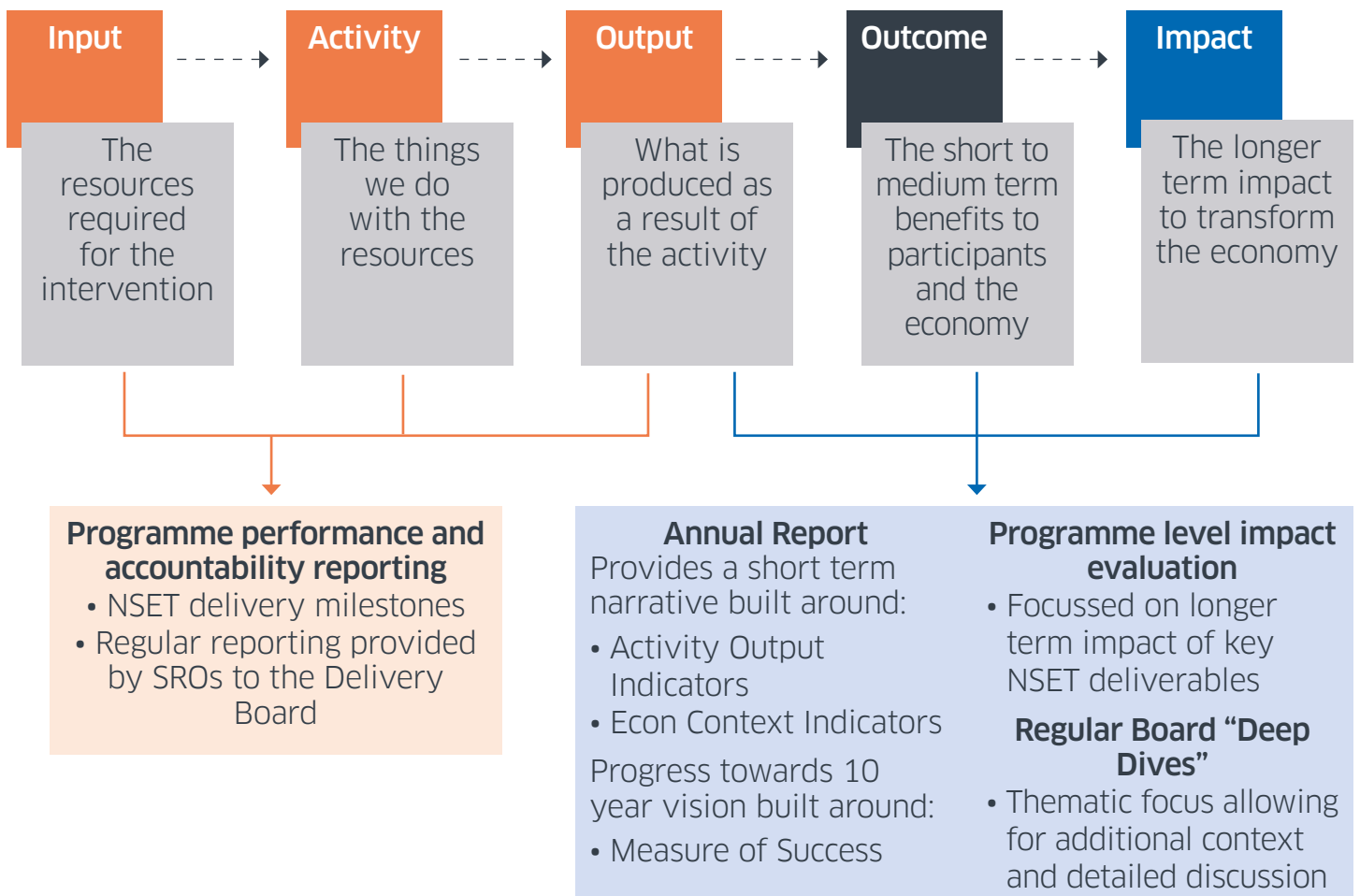
Indeed, the roots of success are deeper than these indicators alone, which is why the NSET Delivery Board has adopted a framework approach and reviews several sources of evidence to assess whether – and at what rate – progress towards the higher-level objectives of NSET are being made. The component parts of the Board's approach to understanding progress include:

- The Measures of Success, which track progress against outcomes and impacts using relevant indicators about Scotland's economic performance. This enables the Board to see quickly where Scotland is performing well or not.
- Project performance metrics and accountability reporting which tell the

Board whether we are on target to deliver the key activities and outputs necessary for NSET to achieve its goals.

- Regular Deep Dives which allow the Board to focus in on themes or NSET programmes and to invite expert input.
- Over time, we will undertake the detailed evaluation work necessary to better understand the effects of NSET's main actions on impacts. Several evaluations of key NSET programme activity are already in train.

An essential feature of this approach is ensuring the Board has confidence that when we take a particular action that this will lead to the desired outcomes and impacts. Logic modelling has been undertaken across NSET to trace the links in the chain that run from programme activities to outputs and ultimately the outcomes and impacts which will transform Scotland's economy.





## Annex C – Equalities and Human Rights Case Studies

**Programme 1:** Operating across six geographically-spread hubs, the Techscaler network provides high-quality entrepreneurial education programmes across Scotland and addresses barriers to access and opportunity experienced by under-represented groups such as women, those on low incomes and those without qualifications at further or higher education, including the six priority groups at greatest risk of child poverty.<sup>4</sup> Techscaler works in partnership with organisations that support those who face greater systemic barriers to startup participation, including racialised communities, refugees and those on low incomes. An example of this partnership approach is the collaboration with AccelerateHER, an entrepreneurial support organisation focussed on female founders. Working together, they have designed and delivered support initiatives tailored to women tech founders, such as regular Tech Clinics, Hackathon events and dedicated online community spaces and meetups. The collaboration has also catalysed increased referrals for women founders to Techscaler education programmes and has given insight on best delivery approaches to increase gender inclusivity, such as using hybrid delivery methods. The hybrid hosting of courses, mentorship and events has lowered accessibility barriers, enabling everyone to participate in a way that best suits their needs. Techscaler regional hubs provide access to in-person support, with facilities continuously evolving to offer tenants inclusive services that lower barriers to entry for under-represented groups in entrepreneurship. Examples of this include an LGBTQ+ community peer network,

specific women and non-binary workshops, neurodiverse friendly areas and baby-room facilities that allow primary carers to balance their careers and parenting responsibilities. Performance indicators which measure progress against diversity and inclusion outcomes are included in the suite of measures by which Techscaler's performance will be assessed.

**Programme 2:** A talented and diverse manufacturing workforce is key to a successful low-carbon sector that maximises manufacturing's contribution to delivery of NSET. An equality impact assessment undertaken in 2021 identified manufacturing as one of the least flexible sectors in Scotland, which is a barrier to work for women, older and disabled people and ethnic minorities; makes the sector less attractive to young people; and can have a negative impact on employee mental wellbeing. In 2021, we convened the Equalities & Wellbeing Working Group, which called for the Scottish Government to develop learning resources and manufacturing-specific case studies on flexible working; and for employers to consider implementation of a range of Flexible Working options.<sup>5</sup> In collaboration with Flexibility Works and the Centre for Engineering Education and Development (CeeD), we delivered two online manufacturing-specific workshops, raising awareness of flexible working options and disseminating good practice. In March 2023, Flexibility Works and CeeD co-produced three video case studies of real life examples of manufacturing employers implementing flexible working practices,

4 The six priority groups include lone parent families, minority ethnic families, families with a disabled adult or child, families with a younger mother (under 25), families with a child under 1, and larger families (3+ children).

5 [Equalities and wellbeing in manufacturing: recommendations report - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2022/09/Equalities_and_wellbeing_in_manufacturing_recommendations_report.pdf)

and these can be applied to other, similar industries, such as food and drink, space and aerospace. This was accompanied by a knowledge sharing event for industry. Industry leaders have reported that employers are recognising the benefits of flexible work and increasingly adopting it where possible.

**Programme 3:** The Community Wealth Building (CWB) model of economic development is a participative and strategic attempt to ensure all parts of society can increase their share of Scotland's common wealth. A full consultation on potential CWB legislation closed in May 2023. The needs of people with protected characteristics will vary and responses to the consultation will help establish the evidence that will inform fuller equality and other impact assessments as we develop the legislation. We have supported action plan development in five pilot areas across Scotland (Fife, South of Scotland, Clackmannanshire, Eilean Siar and the Glasgow City Region). The pilots were selected in order to examine implementation of CWB in a variety of urban and rural places, each with populations featuring concentrated deprivation. In North Tolsta on Lewis, a range of investments have been enabled by operation of a community owned wind turbine sited on land owned by the Stornoway Trust, and profits from the turbine support jobs and services in the village. We have also funded work with the Poverty Alliance to test with people with lived experience the practical potential of CWB to enable a fairer economy. As the CWB approach is expanded and embedded across Scotland, we will lead partners in focusing on the views and needs of protected groups to achieve positive outcomes.

Programme 3 also includes the Scottish Government's £600 million Reaching 100% (R100) broadband programme and the £28.75 million Scottish 4G Infill (S4GI) mobile investment programme, which are future-proofing Scotland's digital connectivity infrastructure and pave the

way for delivery of our wider economic ambitions, including innovative use of data and data-driven technologies, as well as enabling progress in our net zero ambitions. Our interventions to improve Scotland's broadband and mobile networks benefit communities, businesses and visitors across the country, particularly in more rural parts of Scotland, where approximately 1 in 6 people live, and where the average age is typically higher when compared with urban areas. For example, Loch Ken Eco Bothies, a rural business in Galloway, has been able to adopt online booking using an innovative technical solution. Around 70% of the premises to be connected through the R100 contracts are in rural Scotland and all of the 55 sites to be delivered through S4GI are located on islands or in rural Scotland. Further impact on individual lives is demonstrated by the case of Lennagh, a carer from Fraserburgh. Faster broadband speeds with a 4G connection through the R100 Scottish Broadband Voucher Scheme enabled Lennagh to work from home while looking after her mum with Alzheimer's and her aunt with vascular dementia.

**Programme 4:** NSET's Skilled Workforce programme is underpinned by an equality and human rights approach. Evidence gathered through an equality impact assessment shows a need to address: barriers for some young people around financial support, pastoral support and recognition of prior learning; and for older people around flexibility of learning modes as well as financial restrictions, digital exclusion, recognition of prior learning and experience, and motivation to learn when faced by other financial and life pressures. There was also a focus on disabled people (including learning disabilities), women and those with additional caring responsibilities, and people with protected characteristics in rural areas. We have engaged with equality representative groups to seek their views on how to simplify and strengthen our support for lifelong learning. In addition, we have worked with the Poverty Alliance to gain insights from a citizens' panel that

will offer recommendations concerning the equalities dimensions of lifelong learning for priority child poverty groups. All of this evidence has helped shape and inform the final purpose and principles for post-school education, research and skills, which will set the future direction of travel, including how the way we fund the system can be used to incentivise greater flexibility across all forms of provision and in how we frame our approach to student support.

**Programme 5:** The Workplace Equality Fund is a source of financial support for private and public employers in Scotland to improve policies and practices focussed on addressing inequalities in the workplace for groups including women, disabled people, people from racialised minorities and the over 50s workforce. In 2022-23, 13 projects received over £750,000 worth of funding. Of these, four focus on disability and four on race, while other projects focus on gender and age. Projects cut across a range of diversity and inclusion initiatives, including building capability at leadership level; improving operational practice across recruitment, retention and progression; sectoral networking and knowledge exchange. All seek to impact positively on the experience and opportunity of current and future employees of participating employers. Preliminary findings from the projects so far reveal the potential to effect positive change for equality groups involved. This includes opening up career and development pathways for 30 NHS Board employees from racialised minorities who participated in a leadership programme to increase skills, knowledge and confidence and facilitate their progression in the workplace. Another project has worked with a local authority to review and redesign employment procedures to improve the recruitment and retention of neurodiverse workers in the locality, with a long-term potential reach of 6,000 local authority employees and around 500 neurodiverse young people. Further examples of feedback

received from projects indicate increasing understanding of equality and diversity in the workplace, and improved approaches to recruitment, retention and progression. An evaluation of the programme will be undertaken in 2023 to determine impact and to inform its future design and implementation, including the ability to facilitate sustainable, structural change.

**Programme 6:** A Centre of Expertise in Equality and Human Rights (the Centre) was established in May 2022 to work with external partners to embed equality and human rights within Scottish Government economic policy-making and implementation. The Centre has engaged internally and externally to identify its priority areas of focus; establish a network of economic policy officials and representatives of the enterprise agencies; and design and begin to deliver a programme of learning and development to upskill policy officials. The Centre provided support and guidance across NSET and coordinated the development of equality impact assessments for each NSET programme and for the strategy as a whole,<sup>6</sup> capturing lessons learned to improve processes in the future. A review of the Centre's operations over 2023-24 will be used to further develop its approach and to help inform wider work to embed equality and human rights across the Scottish Government.



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