

CBI



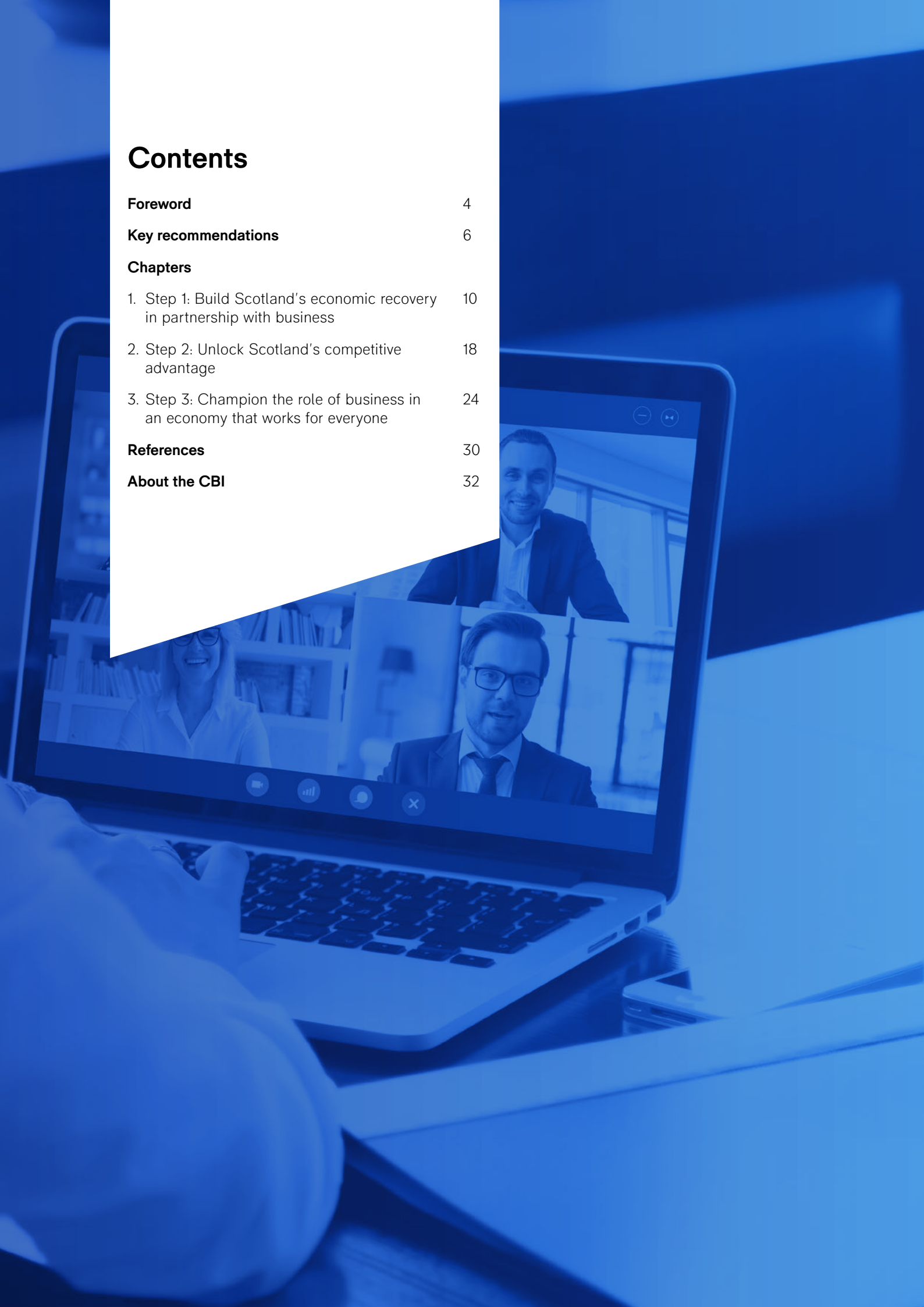
A new partnership for prosperity

Holyrood 2021: CBI Scotland's business manifesto



Contents

Foreword	4
Key recommendations	6
Chapters	
1. Step 1: Build Scotland's economic recovery in partnership with business	10
2. Step 2: Unlock Scotland's competitive advantage	18
3. Step 3: Champion the role of business in an economy that works for everyone	24
References	30
About the CBI	32



Foreword

The next Scottish Government will face a greater set of challenges than any previous Holyrood administration.

From rebuilding the economy from the devastating impact of COVID-19, to tackling the climate crisis and reskilling our workforce for the jobs of the future, the next government must set Scotland on course to tackle some of the biggest challenges of our time. All at the same time as we continue to build a new relationship with Europe and the rest of the world in the face of intense international competition.

No government can do this alone. The 2021 election must be a catalyst for a new level of partnership between business and the Scottish Government, alongside an improved working relationship between Holyrood and Westminster.

Business stands ready to play its part. Throughout the pandemic, we've seen firms of all sizes, from all sectors, stepping up. Whether it was whisky distilleries making hand sanitiser, manufacturers shifting their operations to meet the demand for PPE, or workplaces the length and breadth of the country doing everything in their power to keep their staff and customers safe, business has given a loud and clear demonstration of its value to society.

Firms are showing more than ever that profit comes with purpose – to provide great jobs, invest in communities and meet the expectations that society rightly has of them. But the pandemic has shown the value of business goes further than that. From retail to restaurants and hotels to housebuilders, businesses are fundamental to our way of life and people's jobs are about more than paying the bills – they create social connections, support good mental health and provide a sense of purpose.

Now is the time for all political parties to commit to being the party of business and to work with firms to provide bolder, better and fairer solutions to the challenges facing our country.

Those answers will need collaboration and a genuine partnership. Together we must develop a prosperity agenda that focusses on inclusive economic growth and competitiveness – one that enables our businesses to succeed. A strong economy that delivers growth and good jobs is the only sustainable way of raising wages, living standards and ultimately securing prosperity for all across Scotland.

"Now is the time for all political parties to commit to being the party of business and to work with firms to provide bolder, better and fairer answers to the challenges facing our country."

Amidst the shared desire to build back better from the pandemic, tough choices will have to be made. Promises must be realistic and rooted in evidence. Priorities must be set, and action must quickly replace rhetoric and reviews. We know that even before the pandemic, Scotland's economy was growing at a slower pace than the rest of the UK and we cannot afford to lose sight of the long-term structural issues our economy faces. COVID-19 has exacerbated the need for action to address those challenges – from poor productivity to an ageing workforce and the transition away from a reliance on north-sea oil. The economy is evolving, and we mustn't be left behind.

Engagement between business and government has the potential to achieve so much more than it currently does and the starting point must be a resetting of the relationship. CBI Scotland's business manifesto sets out three steps that will move us towards a new partnership for prosperity and help us respond to the great challenges Scotland faces.

Firstly, that means building Scotland's economic recovery in partnership with business. Investing in people to give them the skills they need and making the 2020s a decade of delivery toward net-zero emissions are challenges that cannot be met by either business or government alone.

The second step is unlocking Scotland's competitive advantage. Firms need a stable and competitive platform to grow – one that sends a clear message that Scotland is an attractive place to invest and do business.

And finally, it's time to champion the role of business in an economy that works for everyone. Business must continue to show that profit comes with purpose. It is successful and sustainable businesses that underpin our economy and society, provide employment and create prosperity. Politicians across the political spectrum should back that vision by making business a policy partner.

Only by working together will we succeed in tackling these challenges and ensure prosperity benefits people in all corners of the country.



Tracy Black

Director, CBI Scotland



Key recommendations

Invest in people to give them the skills they need...

1. Skills funding should be more closely aligned to industry needs and strike a better balance between undergraduate learning, work-based learning and short, sharp provision to support continual upskilling and rapid retraining.
2. Introduce a 'skills wallet' for everyone over the age of 25 to incentivise lifelong learning by supporting people to invest in their own skills at key points throughout their career.
3. Meta and digital skills should be embedded across all learning and a target set for equipping all workers with basic digital skills by the end of the next parliament.
4. Ensure the expansion of apprenticeships is demand-led and creates opportunities in a wider range of subject areas and sectors.
5. Support our universities and colleges with the funding and flexibility needed to increase short, sharp, industry-led courses to help people rapidly upskill and retrain.

Start now to make the 2020s a decade of delivery towards net zero emissions...

6. Take a whole system approach to net zero, with all policy levers pointing in the same direction – starting with the planning system and business rates.
7. Rapidly expand and accelerate the roll-out of electric vehicle charging infrastructure and develop an increased incentive package to help boost demand for electric vehicles.
8. Make every home a green one by retrofitting all homes to a high standard of energy efficiency and use LBTT to incentivise energy efficiency improvements in homes.
9. Mandate that any new domestic gas boilers installed after 2025 are 'hydrogen-ready' to help create a mix of options for low-carbon heat.
10. Work with the UK Government to ensure climate change plans are integrated and to press for regulators such as Ofgem to allow investment in key infrastructure ahead of need.



Refurbish, repurpose and renew Scotland's infrastructure for a better-connected future...

11. The Scottish and UK governments should work together to deliver a digital revolution that sees gigabit-capable digital connectivity rolled-out across all of Scotland by the end of the next parliament.
12. Set a national target of building 25,000 new homes each year across all tenures and deliver additional resource to local authority planning departments.
13. Develop a strategy for refurbishing and repurposing – rather than replacing – infrastructure across Scotland.
14. Deliver a digital ticketing revolution with multi-modal fare options to help give customers a better experience and encourage more people to choose greener modes of transport.
15. Transport infrastructure investments should focus on improving connectivity to key markets, including the rest of the UK.

Make Scotland a great place to live, work and do business...

16. Set out a long-term tax strategy that attracts people to live and work in Scotland.
17. Continue to reform the non-domestic rates system to make it more focused on attracting investment, starting with a broad review of the law governing the rating valuation of plant and machinery.
18. Restore the level playing field with the rest of the UK on the Large Business Supplement.
19. Pause activity that could have a damaging impact on Scotland's economic recovery, such as the introduction of a Transient Visitor Levy and short-term let regulation.
20. Mandate a government-wide commitment to open data for better informed policy solutions that can boost productivity and wellbeing.

Invest in innovation and build on the appetite for tech adoption...

21. Simplify the innovation support landscape and increase awareness of organisations such as *Interface* to help to improve business' understanding of the collaboration opportunities available to them.
22. Update procurement mechanisms across government to incentivise innovation adoption, placing emphasis on value not just cost.
23. Extend the Digital Boost programme to help SMEs reap the benefits of productivity-enhancing digital technology so more firms can benefit, particularly those in rural areas that have the most to gain.
24. Increase funding for universities' knowledge exchange activities to strengthen applied research in Scotland and leverage greater industry R&D investment.
25. Consider how an enterprise partnership between universities in Scotland could be created to help turn more great ideas into successful businesses.

Re-establish Scotland on the world stage...

26. Develop the skills needed to create an exporting culture by increasing the uptake of foreign languages at school and considering the role of secondary, further and higher education institutions in offering opportunities to study commercial international trade.
27. Consider what more can be done to support initiatives that enable students to experience living and studying abroad, which can help increase international awareness and ambition.
28. Work with the UK Government to examine international support models that could be replicated in Scotland to help encourage more firms to take the first step into international markets.
29. Help companies in Scotland identify and exploit opportunities in new international markets by maximising trade missions and funding for trade shows, with a particular focus on countries with new Free Trade Agreements with the UK.
30. Set a target of equipping at least 10,000 people each year with advanced digital skills to position Scotland as a leader in the global provision of digital services.



Step 1: Build Scotland's economic recovery in partnership with business

Tackling the biggest challenges we face as a society – from COVID-19 to climate change to reskilling our workforce – can't be done alone. We know what the challenges are, now is the time for fast action and the 2021 election should be a catalyst for a new level of partnership between business and the Scottish Government.

A. Invest in people to give them the skills they need

Scotland's world-class education and skills system has served us well for decades. But with workplaces and the economy changing at a rapid pace, now is the time for a new, bold approach to equipping people with the skills they need to succeed.

i. Create a flexible, demand-led system that supports lifelong learning

- Scotland needs an education and skills system that is agile, flexible and responsive. Funding should be more closely aligned to industry needs and strike a better balance between undergraduate learning, work-based learning and short, sharp provision to support continual upskilling and rapid retraining.
- In the next ten years, nearly 400,000 workers in Scotland will need radical retraining as jobs fundamentally change, while nearly 2.5 million will need some form of upskilling.¹ Action must recognise the scale of the challenge if we are to get ahead of the curve and support people to develop the skills they need to move from vulnerable sectors to those with the greatest potential for growth.
 - o Radically scaling up existing initiatives – such as the Flexible Workforce Development Fund, the Scottish Funding Council's upskilling fund and the National Transition Training Fund would be a positive start and create a new sense of priority and momentum.
 - o But that alone will not be enough. Moving away from the current model, where the majority of learning occurs before people turn 22, to a system where people are incentivised to continually invest in their skills throughout their career, is essential. Creating a 'skills wallet' – where people are financially supported to invest in their own skills at key points in their life – would help deliver the step change needed in our approach to lifelong learning. The current Individual Training Account model provides a template that could be expanded quickly.²

- o Research from McKinsey shows that technological skills are going to represent almost a fifth of workers' time in 2030, regardless of their occupation.³ With the vast majority of the 2030 workforce already in work, digital upskilling will be crucial. Setting a target for 100% of the workforce in Scotland to have basic digital skills by the end of the next parliament would close an important skills gap and ensure no one is left behind. For most businesses, this means computer literacy such as familiarity with Microsoft Office, handling digital information and content, core skills such as communication and problem-solving, and understanding how digital technologies work.
- o Tax credits – for both individuals and employers – would help to reverse the decline over recent years in investment in in-work training. The Scottish Government should work with the UK Government on tax incentives for training to help everyone keep pace with the changing world of work.
- o A cultural shift towards lifelong learning must also address the fact that individuals with the greatest training needs are the ones least likely to undertake any form of training. A new campaign should aim to identify the reasons why many people are apprehensive or reluctant when it comes to new training, highlight and remove barriers to accessing training and encourage everyone to take ownership of their training and development needs.

ii. Help give young people the skills they need for the modern world

- Creating great learners is key if people are to continue to develop new skills throughout their careers. Meta skills – such communication, collaboration and critical thinking – should be embedded across all learning, including at both primary and secondary level.
 - o COVID-19 has thrown a spotlight on the role of exams in the education system. There is an opportunity to use the enforced changes as a catalyst for a wider rethink of the long-term role of exams at secondary school. Reducing the volume of exams could free up more space for a rigorous and knowledge-rich curriculum.
- Digital skills will underpin the economy of the future. Digital learning should be embedded in every subject across the curriculum, including at primary school, with funding provided to schools to invest in the technology needed to deliver this.
- Every young person must have access to high quality careers advice, especially those from disadvantaged backgrounds, to help them make the connection between their choices at school and opportunities in the world of work.

- Apprenticeships will continue to play a crucial role in helping young people build the experience and skills that employers need. The expansion of apprenticeships should be demand-led and agencies should work with employers to develop a more flexible apprenticeship offering that creates opportunities in a wider range of subject areas and sectors.
 - o The expansion of Graduate Apprenticeships must be matched with sufficient, additional funding for universities to support delivery and ensure the financial sustainability of apprenticeship programmes.
 - o Most leading apprenticeship countries fully fund the off-the-job training of apprentices.⁴ Scotland should look to follow this model and allow employers and apprentices to drive the quantity and mix of apprenticeship provision.

iii. Maintain our world class universities and boost colleges

- Universities and colleges are one of Scotland's greatest strengths and should be harnessed to their full potential to support the economic recovery. They will play a critical role in driving the jobs of the future, where both creative minds and practical skills will be needed for a high-skill, high-wage economy. As a sector, universities alone deliver over £7 billion of gross value added to the Scottish economy,⁵ while Scotland's colleges will generate additional value worth £20 billion for the Scottish economy in the long term.⁶
 - o Funding models must support greater flexibility for colleges to respond to industry needs, including recognition of the importance of part-time provision to upskill and retrain those already in work.
 - o A significant scaling up of agile, short courses in higher education will be crucial to the recovery and will require extra resources to be made available.
 - o All training courses should be regularly evaluated to ensure they are fit for purpose and continually evolve to equip people with the skills businesses need.



B. Start now to make the 2020s a decade of delivery towards net-zero emissions

A whole system approach, fast action and collaboration will be key to driving Scotland to a greener future. Creating a policy environment that gives business the confidence to innovate and invest in a low carbon future will encourage more ambitious plans from across the private sector and help create a race to the top.

i. Take a 'whole system' approach to delivering a net zero economy

- Achieving a net zero economy by 2045 will require all policy levers pointing in the same direction. That should start with the planning system, which must be reformed to put net zero at its core and ensure it becomes an enabler, rather than a barrier, to investment in low carbon infrastructure.
 - o All processes should be scrutinised and repurposed to support a low carbon future. For example, a more efficient consenting process would help enable a bigger role for onshore wind on the road to net zero.
- The business rates system should be used to help accelerate progress in decarbonising buildings, which make up around 40% of the UK's total carbon footprint. All green improvements made to properties, such as the installation of solar panels and heat pumps, should be de-rated and not be subject to rates liabilities.
- Land and Buildings Transaction Tax should be used to incentivise energy efficient choices in homes. Offering reductions to LBTT dependent on energy efficiency could help to incentivise more home buyers to invest in measures such as heat pumps as an alternative to natural gas boilers or other high-carbon heating solutions.

ii. Fast track actions in areas where Holyrood has the power in year one of the new parliament

- A rapid expansion and acceleration of electric vehicle charging infrastructure should be delivered through fast-track planning and funding.
- Infrastructure investment should sit alongside an increased incentive package to help boost demand for electric vehicles and facilitate the change in behaviour required to meet the target of phasing out new petrol and diesel vehicles by 2032.
- A bold ambition is needed to make every home a green one. Retrofitting all homes with a high standard of energy efficiency and laying the foundations for low-carbon heating would make a significant contribution to the net zero target, create jobs and deliver energy savings for households.



- Government should help create a mix of options for low-carbon heat by mandating that any new domestic gas boilers installed after 2025 are 'hydrogen-ready'. Further testing and trials of heat pumps (including hybrid systems) should also be enabled, including a focus on how electrified heating solutions can support system flexibility and can be used by the fuel poor to help reduce their energy bills.
- The development of hydrogen projects and carbon capture and storage will require greater government support and the next Scottish Government should prioritise delivery of the new £180 million Emerging Technologies Fund as quickly as possible.

iii. Collaborate and co-ordinate across the UK and with other stakeholders

- Delivering a net zero economy in Scotland by 2045 cannot be achieved by the Scottish Government alone. The Scottish Government should work with the UK Government to ensure climate change plans are integrated and to press for regulators such as Ofgem to have net zero within their remit and allow investment in key infrastructure ahead of need.
- COP26 provides an opportunity for Scotland and the UK to take on a global leadership role in tackling climate change and to enhance international collaboration. Government should work with business to create a race to the top for firms by showcasing the actions already being taken by companies to reduce emissions, help encourage more ambitious plans from across the private sector and ensure that domestic net-zero policy gives business the confidence to invest in a low-carbon future.
- Scotland has at its disposal some of the world's leading academics in climate change and sustainability, as well as research departments and university spinouts developing many of the low carbon innovations and technology for the future. The next Scottish Government should work with business to leverage that knowledge and expertise as both a force for good, but also as a key opportunity for economic growth and prosperity.

C. Refurbish, repurpose and renew Scotland's infrastructure for a better-connected future

From gigabit broadband to modern public transport and building new homes, the next generation of Scotland's infrastructure must equip us for tomorrow, while getting the most out of what we have today.

i. Fast-track gigabit broadband for first-class connectivity

- Digital connectivity is the number one infrastructure priority for businesses across Scotland. The Scottish and UK governments should work together to deliver a digital revolution that sees gigabit-capable broadband (such as full fibre) rolled-out across all of Scotland by the end of the next parliament.
 - o Delivery will require the removal of barriers to the roll-out of gigabit connectivity. Planning restrictions on new digital infrastructure should be eased at pace, ensuring that future telecoms infrastructure, such as 5G, falls under permitted development.
- With changing working patterns meaning more people are reliant on their home broadband for work, gigabit connectivity should be mandatory in new builds. Bringing forward legislation to ensure access to gigabit-capable connections in tenant properties, where providers are unable to gain access to land through written consent, will also help ensure everyone has digital connectivity needed to work from home and no one is left behind.
- The Scottish Government should contribute to the new Gigabit Take-up Advisory Group (co-chaired by the CBI, FSB and Which?) to help understand and remove the barriers to business and consumer adoption of gigabit connectivity.

ii. Recognise the role of housing in building a stronger economy and set out a strategy for renewing existing infrastructure

- The need for new housing must be recognised alongside the contribution that housebuilding makes to the Scottish economy. Setting a national target of building 25,000 new homes each year across all tenures would set a strategic direction for decision-makers at a local level, generate a much-needed increase in supply and create wider economic benefits.
 - o Better resourced local planning authorities will be essential to the delivery of any national housing target. Resources must be allocated to local authorities to facilitate faster, more responsive decision-making.

- o Scotland's Digital Strategy for Planning is a welcome step forward in creating a planning system with technology and data at its heart. Business would welcome a more ambitious target for achieving the whole-system digital transformation of planning than the current five-year commitment.
- The vast majority of Scotland's infrastructure today will still exist in 2045, making a focus on resilience essential. A strategy should be developed for refurbishing and repurposing – rather than replacing – infrastructure across Scotland. From switching gas boilers for heat pumps to repurposing road and rail networks, the Scottish Government should package up projects and set out a plan for maximising existing infrastructure that business can support and invest in.

iii. Use technology to get the most from transport and prioritise connections with key markets

- There is a long overdue digital ticketing revolution needed in Scotland with multi-modal fare options to help give customers a better experience and encourage more people to choose greener modes of transport. The focus should be on developing a system that revolves around smart payment structures that give travellers a seamless journey across all modes of transport, at the best possible price.
- Data driven travel information helps people make informed choices about the fastest, most convenient and cost-effective ways of booking and travelling within towns and cities. The next Scottish Government should consider what steps it can take to allow open access to the data required for travel apps, such as Citymapper and Transit, to operate in Scotland to help facilitate a step change in the way people make personal travel choices.
- While better digital connectivity reduces the need for travel, improved links between Scotland and cities across the North of England presents a significant economic opportunity. For example, linking Glasgow, Edinburgh, Newcastle, Leeds, Manchester and Liverpool creates an economic area with a population in excess of 10 million. Reducing travel times between these major economic hubs would give firms access to a wider range of markets and suppliers and make it easier for firms to get goods and people to where they need to be.

- For many firms that export, freight connectivity to deep-sea ports is vital. Improving rail connections between Scotland and the UK's deep-sea ports would give firms greater flexibility between using feeder ports in Scotland and accessing main ports directly by train, supporting firms to get their goods to market efficiently.
- Scotland's airports are crucial economic hubs and the aviation sector is worth £4 billion a year to the Scottish economy.⁷ It is also crucial to the success of the Scottish Government's existing exporting and inward investment strategies. The next Scottish Government should work with Scotland's airports to develop a sustainable aviation strategy that supports the sector to recover from the devastating impacts of the pandemic and maximises Scotland's links to existing and emerging markets.



Step 2: Unlock Scotland's competitive advantage

An inclusive economy relies on business success. After years of uncertainty, firms need a stable and competitive platform to grow and a compelling economic vision – one that sends a clear message that Scotland is an attractive place to invest and do business. This will support firms to create more high-quality jobs and deliver the boost to productivity needed for a sustainable, long-term rise in wages and living standards.

A. Make Scotland a great place to live, work and do business

Businesses have shown extraordinary resilience in the face of unprecedented challenges in recent years. Now government must work with firms to create the best possible environment for business and workers to thrive.

i. Set out a long-term tax strategy that attracts people to live and work in Scotland

- Business recognises the strain on public finances has been exacerbated by the pandemic. Yet it is important to take a long-term view of tax policy that avoids prioritising short-term revenue over long-term economic recovery.
- As remote working increasingly becomes the norm in many sectors and workers no longer need to live within an hour of an office, Scotland has an opportunity to attract the talent needed to grow the economy. Setting out a competitive tax regime for the long-term, that avoids any further income tax divergence with the rest of the UK, would support businesses in attracting talent to live and work in Scotland. It would also protect household disposable incomes at a time when stimulating demand in the economy will be key to recovery.

ii. Free up firms to focus on creating jobs and investing in the future

- Government should work with firms to reduce the cumulative costs of doing business that are holding companies back. Business rates remains one of the biggest fixed costs facing property-based companies. The next Scottish Government should maintain a focus on the changes committed to in response to the Barclay Review, with the objective of simplifying the system for ratepayers and making it more focused on attracting investment. In addition, government should:
 - o Conduct a broad review of plant and machinery, which will have an important role to play in the green recovery and set out how the non-domestic rates system could align more clearly with decarbonisation objectives.
 - o Use the business rates system to accelerate and incentivise progress in decarbonising buildings. Examples include using rates reliefs to incentivise investments that improve a property's energy efficiency and excluding low carbon technologies, such as solar panels, wind power and heat pumps, from the NDR system.
 - o Restore a level playing field with the rest of the UK on the large business supplement, which would address the disproportionately high costs facing employers with large property footprints, stop businesses in Scotland being at a competitive disadvantage and send a strong signal about Scotland as a place to invest and do business.
- Taxes, levies and regulation impacting business must not be viewed in isolation. As we build an economic recovery, government should pause activity such as the introduction of a Transient Visitor Levy and short-term let regulation to consider the wider economic impact of such measures and give the tourism sector time to recover from the devastating consequences of COVID-19.

iii. Open-up data across government to boost productivity

- By opening up access to public sector data and investing in its usability, the Scottish Government can contribute to Scotland finally becoming 'open by default' and allowing better-informed policy solutions to be developed. This could be particularly beneficial for productivity and ultimately improve outcomes for both businesses and people. 'Big data' can help improve public transport use, broaden business engagement with schools, help improve air quality and identify housing development needs. It can also help break down some of the siloes between government directorates and facilitate more user-friendly platforms for business and individuals.

- o Rather than look at the short-term monetisation that can be achieved from government data, Scotland should be more ambitious and look at the longer-term economic and competitive potential it has. That will require collaboration across all levels and agencies of government to agree on uniformity of data publication based on a clear, government-wide mandate and commitment to open data.
- o Other countries have already made strides in the direction of using open data to its fullest economic and social potential. The UK Government is also taking important steps to open-up public sector data that can have benefits to society and business.⁸ Scotland cannot afford to be left behind and we should ensure data is opened-up in ways that encourage developers to maximise its potential to improve both productivity and wellbeing.
- There should also be a focus on how government can improve the platforms it uses to interact with business to help address the administrative burden firms face. Employers have to deal with multiple authorities across many different platforms and often using methods that fail to take advantage of the digital technology available. Creating a single business portal would bring productivity benefits and make a significant contribution to improving the business environment in Scotland.

B. Invest in innovation and build on the appetite for tech adoption

Now is the time to accelerate our R&D ambitions and capture the appetite for tech adoption so Scotland can reap the benefits of increased innovation.

i. Simplify the support landscape to help boost business' innovation adoption

- Scotland spends only 1.65% of its annual output on all forms of research and development, compared with 2.38% across the OECD. Scotland's rate for business enterprise R&D is half the OECD average, at just 0.83, with the UK slightly better at 1.16.⁹
- A national mission to increase R&D spending is needed and should start with a simplification of the support landscape, which is fragmented and hard to navigate, especially for smaller businesses. Increasing awareness of organisations such as *Interface*¹⁰ will help to improve business' understanding of the collaboration opportunities available to them.

ii. Use the powers of the parliament to support the development, commercialisation and adoption of innovation

- Public procurement is an important mechanism for driving innovation. Procurement mechanisms should be updated across government to incentivise innovation adoption, placing greater emphasis on value not just cost.
- COVID-19 has rapidly accelerated tech adoption among business, with research suggesting three years of innovation took place in just three months. However, the up-front costs can be a barrier to small and medium sized businesses. Support packages like Digital Boost, that help SMEs reap the benefits of productivity-enhancing digital technology, should be expanded so more firms can benefit, particularly those in rural areas that have the most to gain.

iii. Boost business-university collaboration

- The quality of Scotland's Higher Education institutions and the research they produce is a competitive economic advantage that can be better utilised. Increased funding for university knowledge exchange activities would strengthen applied research across Scotland, provide support for more businesses and leverage greater industry R&D investment.
- In addition, supporting our universities to develop an enterprise partnership, based on the successful SETsquared example highlighted below, would also boost the social and economic impact of research activity and help turn more great ideas into successful businesses.

SETsquared: The global no. 1 business incubator and enterprise partnership...

SETsquared is a unique enterprise partnership and a dynamic collaboration between the five leading research-led UK universities of Bath, Bristol, Exeter, Southampton and Surrey. Ranked as the Global No. 1 Business Incubator, it provides a wide range of highly acclaimed support programmes to help turn ideas into thriving businesses.

Some of the world's most disruptive technologies have originated from university research – this has and will continue to change our business and technology landscape. SETsquared, alongside its partner universities, is helping to facilitate this process by putting in place a number of schemes and programmes which not only are helping researchers to work more innovatively but also to ensure external business is able to tap into the resources and expertise available within universities.

Since launching in 2002, SETsquared has supported over 4,000 entrepreneurs, helping them raise £1.8bn investment. Independent research carried out by Warwick Economics has estimated the economic impact of SETsquared supported companies to be £8.6bn, with the creation of 20,000 jobs. By 2030 this is set to grow to £26.9bn.



C. Re-establish Scotland on the world stage

Exporting boosts productivity but Scotland is heavily dependent on a small number of firms and sectors for exports. Developing the skills needed within the workforce and looking at international examples of incentive models would help diversify the exporting base and provide a much-needed boost to Scotland's international activity.

i. Develop the domestic skills base to create an outward-looking, exporting culture

- Equipping people with an understanding of the principles and practicalities of exporting can drive international ambitions and help firms to operate more successfully in overseas markets. Consideration should be given to the role that could be played by secondary, further and higher education institutions in offering opportunities to study commercial international trade.
- Foreign languages are an important tool in operating internationally and securing new opportunities. Increasing the uptake of foreign languages at school is a key strand of ensuring Scotland has the skills to be an outward-looking, exporting nation.
- International exposure at university is a core discipline that builds Scotland's ability to perform as a trading nation. The next Scottish Government should consider what more it can do to support initiatives that enable students to experience living and studying abroad.

ii. Think global to support local

- More must be done to increase the international ambitions of firms in Scotland. The Scottish Government should work with the UK Government to examine international support models, such as the Swedish example highlighted below, that could be replicated in Scotland to help encourage more firms to take their first step into international markets.

Two Swedish government-backed organisations are working side-by-side to facilitate Swedish exports...

To facilitate and promote exports and the internationalisation and competitiveness of Swedish industry, Sweden offers a government backed export credit system. The combined offer facilitates the financing of transactions with Swedish exporting companies and has strong benefits for all parties involved.

EKN, The Swedish Export Credit Agency, offers guarantees for payments and financing in export transactions. The guarantees give international buyers attractive financing terms, while lowering the risk for Swedish exporting companies and commercial banks.

SEK, The Swedish Export Credit Corporation, provides long term funding for Swedish export related transactions. Enjoying a high credit rating, SEK can offer favourable loans to facilitate export deals.

- Maximising trade missions and funding for trade shows, with a particular focus on countries with new Free Trade Agreements with the UK, will help companies in Scotland identify and exploit opportunities in new international markets.

iii. Work with business to showcase Scotland's strengths as an investment destination

- Global provision of digital services presents a real opportunity for Scotland. Increasing the number of people equipped with advanced digital skills each year to at least 10,000 would set Scotland up to make the most of that chance.
- Following the publication of the inward investment strategy, the Scottish Government should work with business to identify specific priorities that would improve the investment climate in target sectors.
- Involving business in 'showcase sessions' with potential investors would help improve Scotland's attractiveness by demonstrating peer support, providing honest testimonials and presenting a joined-up message from government and business to firms that are considering Scotland as a destination for investment.
- Universities' global connectivity and collaborations provide a competitive advantage that needs to be leveraged further to promote Scotland internationally, attract talent and enhance inward investment.

Step 3: Champion the role of business in an economy that works for everyone

It is time for all parties to make the positive case for the role responsible business plays in society and to reset the relationship between Holyrood and the firms that underpin our economy and society. Meanwhile, businesses must continue to develop new approaches to put fairness at the heart of their operations. Get both elements right, and together business and government can deliver a truly inclusive economy.

A. Increase collaboration between employers and schools

- Developing a broad range of skills and an understanding of the world of work, as well as the opportunities it offers, is vital to a young person's success. When a young person has four or more encounters with an employer, they are five times less likely to be unemployed in their adult life.¹¹ But these life changing opportunities are not available to all.
- Businesses are already playing an important role in schools but there is room to do more. Data should be collected centrally on the levels of business-school interaction in each local authority area to identify areas of best practice and establish where more needs to be done. Particular focus should be given to engagement at primary level and with teachers, which have traditionally been business blind spots.



BT: Supporting young people and teachers develop the skills they need...

Barefoot

BT's Barefoot Computing programme, run in partnership with Computing at School, gives teachers the resources and skills to bring computing lessons alive. Volunteers lead workshops to build teachers' confidence in using Barefoot resources to help deliver the primary computing curriculum - 95% of teachers who participated fed back that they are now more confident teaching computing and computational thinking. Through Barefoot, BT has delivered more than 630 workshops in Scotland, reaching over 1,600 schools and nearly 9,000 teachers.

Work Ready

The Work Ready programme prepares 18-24 year olds for the world of work and teaches them practical skills to improve employability. It supports young people not in education, employment or training to gain hands-on tech skills and work experience. The programme supports young people facing multiple barriers to work, be it a lack of academic qualifications or work experience, physical and/or learning difficulties, or other issues affecting them or their families. A BT work placement is delivered over 2 weeks and includes coaching and on-the-job experience, helping young people get the skills they need to kick-start a career in the digital work force, either in BT or elsewhere. Support for participants continues for 6 months post programme. In Scotland, BT supported 126 young people last year through Work Ready events staged in Edinburgh, Glasgow, Dundee and Aberdeen.

B. Recognise the value of business is more than tax revenues

- Successful and sustainable businesses underpin the economy, provide employment and create prosperity. But COVID-19 should serve as a reminder that businesses – from supermarkets to sports clubs and hotels to housebuilders – are also fundamental to our way of life, while people's jobs have been shown to be about more than paying the bills. They facilitate social connections, support good mental health and provide a sense of purpose.
- Government should view business as a key policy partner, one that is able to provide insights and evidence to inform decision-making and help achieve shared objectives. Early consultation and effective collaboration results in smarter policy and better results.

"80% of Scottish respondents to the CBI's latest 'Everyone's Business Reputation Tracker' said it is important for government to use insight from business when creating policy relating to the economy...

...but only 33% said government's engagement with business has been effective in supporting the economy to date."

- Business and government should both send a clear message that Scotland is a world-leading fair work nation. Firms across the country are constantly wrestling with how to support their staff and give people opportunities to deliver at their best. But there is always more than can be done.
- Employee engagement has never been more important than it has over the last twelve months. Employers and workers have both had to demonstrate extraordinary commitment and flexibility in adapting to new ways of working. Now is the time to reinvent employee engagement for the modern economy and business and government should work together to create a race to the top – where businesses are supported to adopt effective people practices, best practice is showcased and achievements are celebrated.

C. COVID-19 response: working together with a common goal

From manufacturers pivoting their operations to make hand sanitiser and PPE, to firms going above and beyond to support their local communities on a daily basis, the response to COVID-19 has thrown firms' value to society into the spotlight and highlighted the benefits a partnership between business and government can bring.





Keela: How the pandemic brought us all together around a common goal...

"As the COVID-19 crisis developed, we at Keela felt the need to do our part for the country, like many companies and organisations. As a technical garment manufacturer, we work closely with the emergency services as one of our main customer groups, so we knew they would be badly affected.

"We knew we were uniquely situated as a manufacturer based in Scotland that could help, as we could not only produce garments but also had the critical machines required to make the PPE so desperately needed at the time. Medical gowns were identified as an immediate requirement, so we offered our technical manufacturing know-how and production capacity to the NHS. To meet the demands on the contract awarded to supply the health service, we collaborated with three other manufacturing companies.

"However, we had to further increase capacity due to demand, coupled with the 2-metre social distancing rule, so we purchased, refurbished, and refitted a new factory within a couple of weeks during lockdown. We were only able to do that through the hard work of the team and overwhelming help from local industry and people. Former staff came back to lend a hand, a local company offered us extra space, and another gave us portable heaters while we got the new factory up and running.

"Alongside the new factory, we also employed over 50 people from a variety of backgrounds, from tour bus drivers on furlough to youngsters looking for their first job. Throughout it all, our existing employees from across the business continued to deliver.

"Everyone within the company was 100% engaged to make this unimaginable pivot happen. Innovation, teamwork, and a lot of grit and determination made this a success. 2020 for us will be a year that we will never forget. A year that isolated families and friends, but also brought together so many people with a common goal."

April Hazell, Marketing & Development Manager, Keela

Everybody knows the benefits of a healthy breakfast, but not every child gets one before the start of the school day...

That's why Greggs plc created the '**Greggs breakfast club**'. The Greggs Foundation now oversees 589 clubs across the UK, providing a nutritious breakfast to over 39,500 school children each day – over 7.7 million every year.

Most breakfast club schools are in disadvantaged areas and have high numbers of pupils who qualify for free school meals.

The Greggs Foundation receives funding from a range of partners, often private sector companies. The foundation uses the money to provide an initial start-up grant for equipment such as chest freezers to store food items or toys and activities for the club. Greggs Foundation also makes a payment each term towards other food items and Greggs plc donates bread from the nearest shop.

Breakfast Club partners include **Peak Scientific** – the world-leader in the production and ongoing service of nitrogen, hydrogen and zero gas generators for laboratories across the world, based in Renfrewshire.

Having heard about the impact breakfast clubs have, in March 2020 Peak Scientific committed to funding a local breakfast club for at least the next two years. As a result, over 50 children at **Woodlands Primary School in Linwood** now receive a healthy breakfast every day before starting school, helping them to concentrate and learn and ultimately improving their academic attainment.

Find out more at: www.greggsfoundation.org.uk/breakfast-clubs





Babcock International: Continuing to invest in opportunities for young people...

Babcock International Group, the aerospace and defence company with its roots in Scotland, has continued to recruit and increase employee engagement despite the challenges of the COVID crisis.

The company has welcomed more than 50 new recruits to its Rosyth facility, a key Scottish industrial site. The 42 apprentices and 13 graduates will support a variety of projects, including shipbuilding and advanced manufacturing work. The apprentices will take up positions such as welders, fabricators and both electrical and mechanical fitters, while the graduates start a variety of engineering roles.

Marc O'Hear couldn't wait to start his role as an electrical apprentice at the Rosyth site, which is his first full-time job since leaving school. The 17-year-old said: *"I had heard that Babcock was a great company to work for and the apprenticeship scheme was highly-regarded. I'm looking forward to working on the Rosyth site, learning as much as possible and expanding my knowledge."*

Sean Donaldson, managing director of Babcock International Group's Rosyth site, who himself started at Rosyth as an apprentice electrical fitter, said: *"We are really excited to welcome our new graduates and apprentices to the Rosyth site, and to help the business develop its next generation of talent. This is a significant number of new apprentices that we have recruited, made possible due to the Type 31 frigate contract that Babcock was awarded in 2019. We are continuing to recruit at all levels as we grow our business."*

In December 2020, Babcock awarded a £31.5 million contract to Robertson Construction of Elgin for the development of a new Assembly Hall at its Rosyth site. The construction project will support around 100 positions locally in Scotland and a further 100 positions nationally. Babcock has also recently placed orders for robotics, digital and automation systems, initially for the Type 31 general purpose frigate programme, and part of a £55 million investment programme currently underway on the site.

During the COVID crisis, this continuity and growth have been made possible by the adaptability and agility of Babcock's people, creating and embracing COVID-secure operational practices on site and at home. Engagement has improved measurably despite the challenges.

References

1. **Learning for life**, CBI, October 2020
2. www.skillsdevelopmentscotland.co.uk/what-we-do/employability-skills/sds-individual-training-accounts/
3. **Skill shift: Automation and the future of the workforce**, McKinsey, May 2018
4. **Strengthening Skills in Scotland: OECD Review of the Apprenticeship System in Scotland**, August 2020
5. **Going for growth**, Universities Scotland, August 2017
6. **The value of college graduates to the Scottish economy**, Fraser of Allander Institute, September 2017
7. **Back to business: how aviation can boost economic recovery across the UK**, WPI Strategy, October 2020
8. **UK Government National Data Strategy**, December 2020
9. **Scottish Government business and innovation statistics 2019**
10. www.interface-online.org.uk
11. **The case for employer engagement in schools**, Education and Employers Charity



About the CBI

Founded by Royal Charter in 1965, the CBI is a non-profit business organisation that speaks on behalf of 190,000 UK businesses of all sizes and from across all sectors, employing nearly 7 million people between them. That's about one third of the private workforce. This number is made up of both direct members and our trade association members. We do this because we are a confederation and both classes of membership are equally important to us.

The CBI's mission is to promote the conditions in which businesses of all sizes and sectors in the UK can compete and prosper for the benefit of all. With offices around the UK (including in Scotland, Wales and Northern Ireland) and representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world.

Our mandate comes from our members who have a direct say in what we do and how we do it

The CBI receives its formal mandate from 9 Regional Councils, 3 National Councils from Scotland, Wales and Northern Ireland plus 16 sector based Standing Committees. These bodies are made up of members in that region, nation or sector who serve a term of office. The chair of each Standing Committee and Regional and National Council sit on the CBI's Chairs' Committee which is ultimately responsible for setting and steering CBI policy positions.

Each quarter this formal engagement process across the CBI Council reaches over 1,000 senior business leaders across 700 of our members who have a direct say in what the CBI do and how they do it, from refreshing their workplan to discussing the key business issues of the day and re-calibrating its influence. Over 80% of the businesses represented on the CBI Council are outside of the FTSE350 as the CBI represents a wide range of sizes and sectors from the UK business community. This formal governance process is supported by a wide range of working groups, roundtables, member meeting and events that makes the CBI unparalleled at listening to and representing British business.

CBI Council in numbers



1000+

Committee and Council representatives



28+

Regional and National Council and sector based
Standing Committees



50%

Representatives of the CBI Council at C-Suite level



80%

Of the CBI Council from non-FTSE 350 businesses

Produced by Gregor Scotland and the [CBI Scotland](#) team
To share your views on this topic or ask us a question, contact:



Gregor Scotland
Principal Policy Adviser
gregor.scotland@cbi.org.uk