



Scottish Council for
Development and Industry

ANNUAL REPORT

2021-2022



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Top: First Minister, Nicola Sturgeon gives the opening address at Forum 2022

Middle: Sharon White, Chair, John Lewis Partnership in conversation with Simon Roddy, Senior Vice President and Upstream Director, Shell UK, Forum 2021

Bottom: Lord Offord of Garvel, Parliamentary Under-Secretary of State for Scotland, takes questions at Forum 2021

Note: titles throughout correct at time of SCDI event.

FOREWORD

I hope that you will enjoy reading our Annual Report which shows the breadth and depth of SCDI's operations across Scotland, and beyond.

There continue to be many challenges and opportunities for Scotland and our people, and SCDI performs an important role in providing direct and honest engagement with government and other key stakeholders. The broad spread of our membership ensures that we bring together myriad voices and views across the spectrum of Scottish civic society which helps to shape both government and business thinking.

At SCDI we believe strongly in actions, as well as words. In our 2021 *Blueprint for Scotland (Making a Good Living)* we recommended that Scotland should aim to be a global hub for purposeful businesses that profitably solve the problems of people and planet.

In a joint initiative with the Scottish Government, we set up the Business Purpose Commission for Scotland. The Business Purpose Commission's report provides practical recommendations to help businesses undertake the journey to nurture their business purposes. Working with SCDI, organisations can make Scotland the home of purposeful business.

Our members are committed to bringing their vision and energy to SCDI and that allows us to produce policy documents and to initiate discussions that change businesses and lives for the better. Our *Making a Good Living Blueprint* has also been influential in shaping strands of the Scottish Government's National Strategy for Economic Transformation.

“ SCDI always considers the bigger picture when it comes to Scotland's future. ”



SCDI was set up to make a difference to the challenges facing Scotland and to seize the opportunities that a global economy presents.

We are a unique organisation, with members from charities to local authorities and from micro businesses to multi-nationals and SCDI always considers the bigger picture and longer term when it comes to Scotland's future. We are proud of SCDI's history of bringing people together from government, business and civil society to effect change.

Our June 2022 Forum: A New Sense of Purpose has helped to shape our activities over the last year and I hope that you will join us at our next Forum in June to explore and shape our next theme: Securing Scotland's Prosperity.

Joanna Boag-Thomson, Chair, SCDI

IMPACT



**SCOTLAND'S
ECONOMIC
PURPOSE**

**A LIVING
LAB FOR
INNOVATION**

**LEARNING
THROUGHOUT
LIFE**

**HEALTHY
PLACES
TO LIVE
AND WORK**

MAKING A GOOD LIVING

The pre-pandemic economy was failing too many people in society and an altered landscape reinforced the value of working together across public and private and civil society to create prosperity in all of Scotland's places.

SCDI's economic Blueprint (2021) called for action by business and government across 4 priority themes.

We've outlined progress against the 12 actions our members identified.

SCOTLAND'S ECONOMIC PURPOSE

1. Make Scotland a global hub for purposeful businesses that solve the problems of people and planet profitably.

The Business Purpose Commission, set up by SCDI with Scottish Government support, provided practical recommendations to help businesses undertake a journey to nurture their business purpose.

The Commission, believed to be a world first work has attracted international interest and we have been discussing with the Government of Canada the creation of a similar Commission there.

The Scottish Government put the recommendations at the heart of business support highlighting the opportunities for growth and innovation Scotland's economic and social challenges present (Jan 2023).

2. A Scottish Productivity and Wellbeing Commission to build a joined-up, world-class model to address productivity, health and quality of life.

Making Scotland's businesses, industries, regions, communities and public services more productive and innovative is a key commitment in the National Strategy for Economic Transformation (NSET).

3. Reducing trade and investment barriers with key and emerging markets to unlock an increase in the share of the economy that comes from exports by growing free, fair, climate-friendly and digital trade Trade and Investment.

The UK's exit from the EU and the challenges and opportunities this presents added a new impetus to our international work.

The launch of the new Centre for Inclusive Trade Policy, with the University of Strathclyde, fulfilled our recommendation for an independent expert group which analyses and advises on trade issues. The Minister for Business, Trade, Tourism and Enterprise, Ivan McKee and Rachel Gwyon, Director for Scotland and Agriculture, Food and Drink, Department for International Trade joined the Committee at the Launch.

Our **International Business Committee**, led by Martin Bell, Deputy Director, Trade at the Scotch Whisky Association identified actions by both governments to strengthen trade for Scottish businesses. SCDI was also invited to join the EU-UK TCA Domestic Advisory Group (DAG) and Civil Society Forum (CSV).

We also moved this work forward by hosting member events with the Department for International Trade (DIT) around current and emerging trade deals.



SCOTLAND AS A LIVING LAB FOR INNOVATION

4. Become a leading location for home-grown, net zero solutions by building on Scotland's strengths and investing in them through fiscal measures including carbon pricing.

Building on Climate Tech *Innovation Critical* report, we delivered a Climate Tech Showcase at COP26 and continued to support Scottish Enterprise in understanding the size, scale and export potential of businesses.

The Scottish Government's *Blue Economy Vision for Scotland* and a *Hydrogen Action Plan* both reflected asks in our *Clean Growth Manifesto* (2021) and *Blueprint*. Offshore Wind, Hydrogen and Transport Decarbonisation are in the remit of the First Minister's new Investor Panel which will advise on attracting global Green Finance.

5. Increase government spending on R&D to match advanced economies and boost productivity and innovation across the whole economy and in small businesses with a focus on creating wealth in all sectors and communities.

Despite public spending cuts, the UK Government maintained its commitment to raising R&D spending to 2.4% of UK GDP this decade.

Our *Mind the Gap* report, which explored how data, digital and technology can help Scotland recover from Covid-19, transform health & social care and boost the economy helped shape the consultation on Scotland's first ever Data Strategy for Health and Social Care published in February 2023.

6. Create 'innovation neighbourhoods' and ecosystems which bring businesses, centres of learning and government together to co-create innovative and socially responsible products and services.

SCDI was invited by the Scottish Government to report on business and stakeholder views on adoption and diffusion (a key Blueprint theme) for its new Innovation Strategy.



LEARNING THROUGHOUT LIFE

7. Improve leadership and management skills through bitesize learning opportunities, especially for SMEs and the not-for-profit sector, to transform workplaces and adapt to technological change with a focus on fair work.

NSET includes a commitment to expand the SCDI-led Productivity Clubs network to upskill business and public sector leaders.

8. A new lifelong learning fund with a skills wallet giving Scots the ability to invest in education and training throughout our working lives with a focus on digital, data and green skills.

The Scottish Government published the National Strategy on Adult Learning, setting out actions to ensure that individuals of all skills levels have the opportunity to increase their skills and learn throughout their lives, however we continue to press for a transformed funding landscape.



9. Transform education and training provision to meet the future needs of learners and the economy through a digital utilisation plan which focuses on digital, data and technology workforce skills.

The Scottish Government's economic strategy includes a project to embed first rate entrepreneurial learning across education.

The national upskilling plan for computing science teachers addressed an SCDI priority as well as the Review of Scotland's Technology Ecosystem.

Following years of representation from SCDI and many other stakeholders, the UK Government introduced the Graduate Visa for international students to work in the UK following their studies.



HEALTHY PLACES TO LIVE AND WORK

10. Accelerate the rollout and adoption of full fibre broadband, 4G and 5G networks and smart technologies alongside private and public sector plans. Detailing how digital and data technologies will be harnessed for economic growth, social inclusion and climate action across different sectors and communities.

11. Build sustainable homes of all kinds with a focus on affordable homes for workers and families, prioritising net zero innovation, conversion of properties in city and town centres and rural provision.

12. Deliver at least ten '20-minute neighbourhoods' through investments in active travel, green spaces, healthy buildings and social spaces and 500 digitally enabled remote working hubs to strengthen local public-private collaboration and innovation and enable people to live locally and work anywhere.



The Scottish Government's Fourth National Planning Framework (NPF4) includes a focus on repurposing existing properties in city and community centres and supporting 20-minute neighbourhoods.

The Framework also commits the Scottish Government to an infrastructure-first approach to place-making,

Zero Waste Scotland is expanding support and advice for community enterprise and businesses to build placed-based circular economies.



SCOTLAND'S PUBLIC FINANCES IN 2023-24

In her evidence to the Scottish Parliament's Finance and Public Administration Committee, Clare Reid, our Director of Policy, highlighted the contribution the Scottish Budget could make to counter the impact of recession by limiting further costs for employers where possible to allow them to maintain levels of employment and increase pay rates. It can also help people with the cost of living and access to jobs - for example through provision of flexible and affordable childcare - and support for people to reskill and upskill more quickly.

This will also tackle skills shortages. There are major pressures on health and social care as services recover from the pandemic and cope with rising demand from an ageing population. However, the Scottish Government's decision to prioritise health and social care and social security means large real terms reductions in funding for enterprise, tourism, and trade, education, and local government.



Paul Steen,
Head of Business
Development North,
Vattenfall

HEAT NETWORKS

Scotland's ambitions for delivering its 2030 targets require collaboration across public and private sectors. Our Glasgow roundtable event informed the development of sustainable heat networks across Scotland.

The event showcased a vision for Glasgow by exploring the opportunities for creating the institutions and frameworks for delivering and building capacity in the heat supply chain.

The far-reaching roundtable explored ways to integrate district heating into local and national energy strategies and plans, the opportunities for public procurement to be used as a tool to achieve this, and how investment could be optimised.

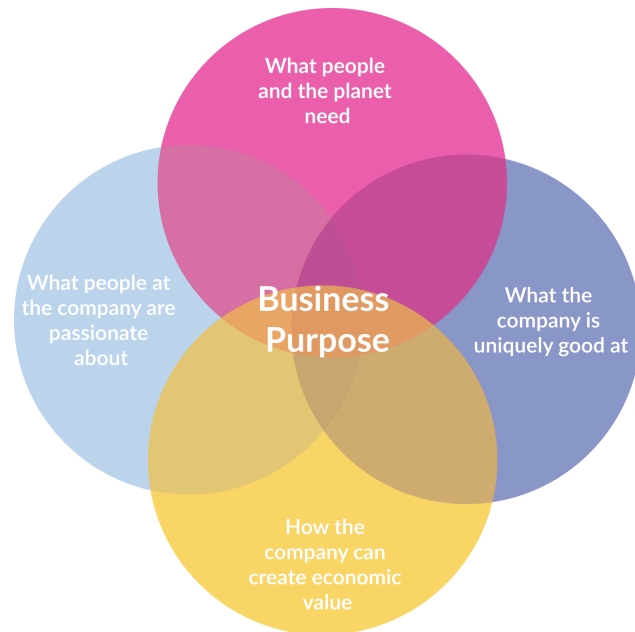
The event was developed to inspire and inform and provided an excellent example of the valuable leadership role local government plays in developing sustainable heat networks.

The resulting report highlighted the negative potential impacts of climate change on Glasgow's GDP, with output projected to worsen without major changes to climate control. Our report captured the need for collaboration across the industry and communication of the benefits of district heating.

"Partnering with SCDI on facilitating this forum demonstrates the opportunities that come from close partnership working with cities, which can bring Scotland to the forefront of sustainable heat networks, and help us get to net-zero."

BPC

BUSINESS PURPOSE COMMISSION for Scotland



Source: Adapted from Joly, H., *The Heart of Business*

Our report presents the business case for purpose, sets out the practical actions all of us can take and provides examples of Scottish businesses leading the way.

A business's purpose is its reason for existing, which drives its strategy, activities and sales. This has come to be associated with bottom-line financial returns to shareholders above all other stakeholders. However, this focus on maximising profits has been shown to harm businesses, social prosperity and environmental sustainability.

The report makes 12 recommendations for:

- Businesses, with specific recommendations for financial services
- Universities, colleges and professional bodies
- UK and Scottish governments and;
- Local government



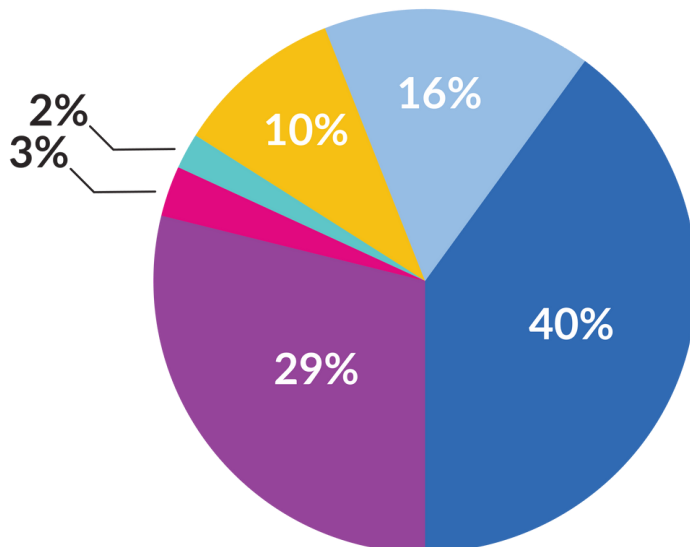
NOW IS THE TIME FOR PURPOSE

Putting Purpose at the
Heart of Scottish Business

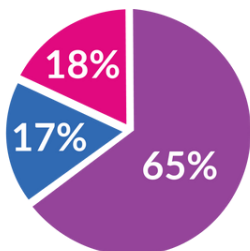
Report by the Business Purpose
Commission for Scotland

WHAT PEOPLE THINK

Overall reputation of businesses based in Scotland

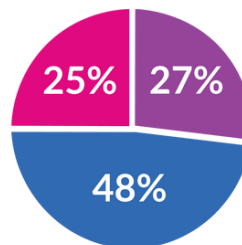


Role businesses *should* have in Scotland



- To find profitable solutions to the problems of people and the planet
- To maximise the returns for shareholders
- Neither of these

Role businesses *currently* have in Scotland



- To find profitable solutions to the problems of people and the planet
- To maximise the returns for shareholders
- Neither of these

THE BUSINESS CASE

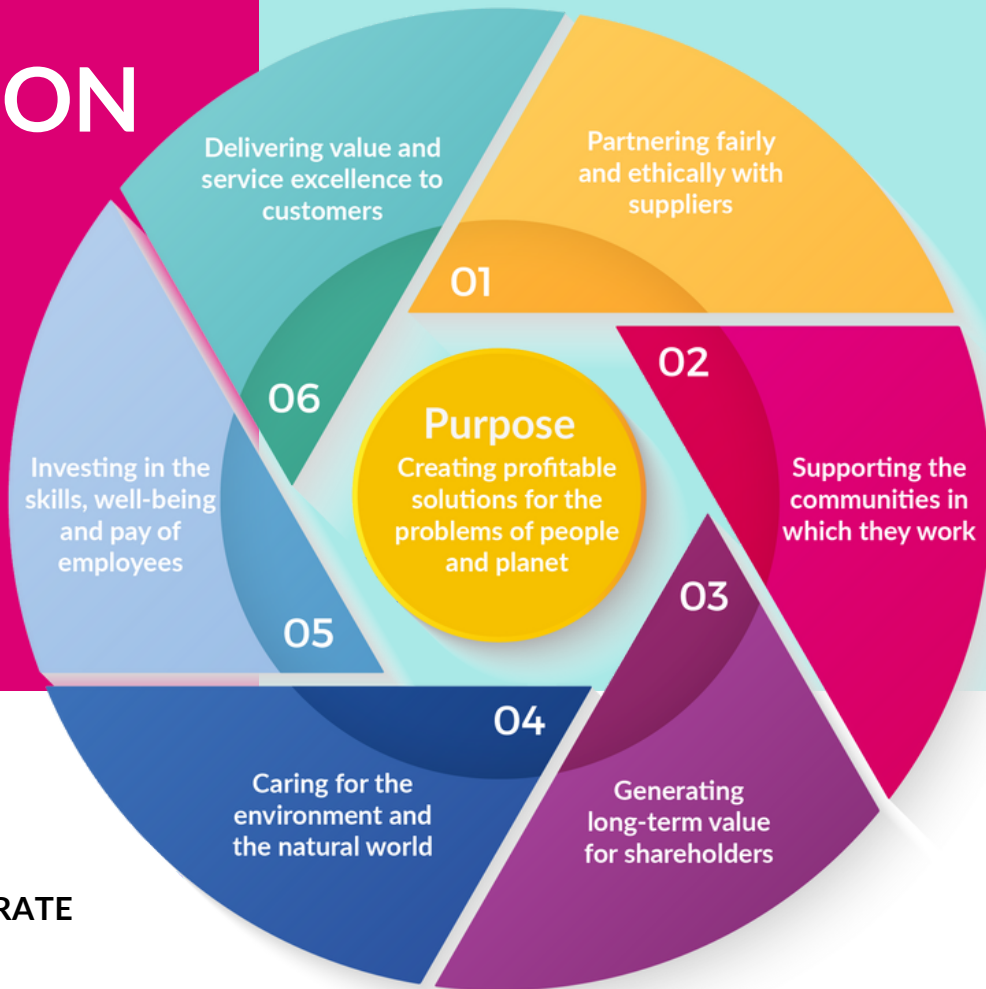
- Customers want to buy from them – two thirds of people will pay more for socially driven products.
- People want to work for businesses with a purpose – around two thirds of millennials take a company's social and environmental commitments into account when deciding where to work.
- Businesses are more resilient – almost 75% of them say a well-defined purpose helped navigate disruption.
- Businesses are more innovative – Over 50% of businesses prioritising purpose said they were successful with innovation and transformation efforts, versus only 19% not prioritising it.
- A focus on purpose increases businesses' bottom line.
- Over the next 15 years purposeful businesses are forecast to achieve 10% higher growth than other businesses.
- Evidence points to a link with greater economic resilience, fair and meaningful work, lower inequality, and higher quality of life.

THE LAUNCH



BPC VISION

By 2030, all businesses in Scotland will have become purposeful businesses which profit from finding solutions for people and planet



OPPORTUNITIES TO ACCELERATE BUSINESS PURPOSE



EVENTS

We made a welcome return to in-person events with 32 events bringing together over 1600 attendees



Rory Stewart
writer and former
UK Minister of State

Dinner Speaker
Forum 2022

Our events bring members together to convene conversations about the big issues of the day, working across sectors to stimulate debate, bring issues to the fore and find solutions.

As restrictions associated with the pandemic lifted a return to in-person events helped us re-engage with existing and potential members and raised our profile as well as generating revenue to support our valuable work.

FLAGSHIP EVENTS

Forum is our key annual event convening leaders from government, business and civil society to address the challenges and identify opportunities for the economy to grow sustainably.

Forum's theme - "a new sense of purpose" - resonated with speakers and audience participants. We delivered two hybrid Forum conferences (November 2021 and June 2022) and a record attendance Annual Lecture in Aberdeen which saw a 60% increase in attendance with 430 guests.

Our annual Highlands and Islands Awards, which had been due to take place in 2021/22 took place in November as we rescheduled following the death of the Her Majesty the Queen.



Chris van der Kuyl CBE
Founder and Chairman,
4J Studios

Forum, Innovating our
entrepreneurial ecosystem

June 2022



Robbie Kernahan
Director of Green
Economy, NatureScot

Influencers Lunch

June 2022



Professor Mairi Spowage,
Director, Fraser of
Allander Institute

Forum, Purposeful global
leader

June 2022



Robert Thorburn
Partnership Director
Commercial and Funded
Programmes, Openreach

Influencers Lunch

May 2022



Gillian Docherty OBE
Chief Commercial Officer,
University of Strathclyde

Influencers Event

April 2022



Dr Stuart Black
Chief Executive, Highlands
and Islands Enterprise

Influencers Lunch

April 2022



Amanda Young
Global Head of Responsible
Investment,
Aberdeen Standard
Investment

Business Purpose
Commission for Scotland
Launch (Co-Chair)

November 2021



Martin Gilbert
Chair, Oil & Gas
Technology Centre

Influencers Lunch

October 2021



Ivan McKee
Minister for Business,
Trade, Tourism and
Enterprise

Scottish Government

Strategic Roundtable

August 2022



Alison Thewliss
SNP Spokesperson for
Treasury and Cities

Scottish Government

Meet the Politician

August 2022



Richard Lochhead
Minister for Just
Transition, Employment
and Fair Work

Scottish Government

Business Purpose
Commission, Report
Launch

June 2022



John Swinney
Deputy First Minister

Scottish Government

Forum 2021



Neil O'Brien
UK Parliamentary
Under Secretary of
State, Department for
Levelling Up, Housing
and Communities

UK Government

Forum, Keynote

June 2022



Jenny Gilruth
Transport Minister

Scottish Government

Meet the Politician

March 22



Paul Scully
Under Secretary of
State for Business

UK Government

Webinar, Race to Net
Zero

June 2022



Kwasi Kwarteng MP

Secretary of State for
Business, Energy and
Industrial Strategy

Meet the Politician

March 2021

DON'T TAKE OUR WORD FOR IT

“...engaging and thought provoking.

It was great to hear from companies/organisation outside of my industry and to get out of that bubble!

SCDI is still such a vital part of Scottish thinking ”

Louise Kingham CBE
Senior Vice President,
Europe & Head of
Country, UK for bp

Dinner Speaker,
Annual Lecture 22



- We continued to offer opportunities to *Meet the Politician* across Scotland, including Alison Thewliss MP, Ivan McKee MSP, Jenny Gilruth MSP, and Paul Scully MP.
- We were joined by Vanessa Stuart-Graham, Deputy Chief Negotiator for the Department of International Trade's GCC Negotiations Team, to hear members' thoughts on the opportunities and challenges presented by a future United Kingdom-Gulf Cooperation Council Free Trade Agreement.
- Kirstin Marsh, the Area Lead for Tay Cities & NE Scotland from the UK Government's Cities & Local Growth Unit, joined us in Dundee to explain Levelling Up.
- NSET was a recurring topic, most notably at an online economic transformation panel session including experts such as Will Dowson, Bank of England.
- Three Business Purpose Commission events ensured that the report represented a range of views and expertise from across the membership and beyond.
- Net Zero, clean growth and sustainability were high on the agenda for members, and we enabled thoughtful discussion and debate through several events covering climate tech, district heating, and carbon capture and biodiversity investment.

HIGHLANDS & ISLANDS BUSINESS EXCELLENCE AWARDS

WINNERS

Alvance Aluminium Award for Outstanding Business Leader

- **Carroll Buxton, Deputy Chief Executive, Highlands and Islands Enterprise**
- Anne Gracie Gunn, Owner, Sonas Hospitality Ltd
- Charles Milne, Managing Director, The Seafield Arms Hotel
- Professor Donald Maclean, Co-founder and Managing Director, StrategyStory

Bakkafrost Scotland Award for Outstanding Island Business

- **Essence of Harris**
- Isle Develop CIC
- Mesomorphic
- North Uist Distillery
- Sonas Hotel Collection

Benromach Award for Excellence in International Business

- **The TEFL Org**
- Orion Engineering Services Ltd

Crown Estate Scotland Award for Outstanding Supporter of Coastal Communities

- **Highland Coast Hotels Limited**
- Bakkafrost Scotland
- The Carnegie Club at Skibo Castle

The Highland Council Award for Purposeful Business

- **Swansons Fruit Company Ltd**
- FUEL10K
- Isle Develop CIC
- StrategyStory
- The Apprentice Store

Highlands and Islands Enterprise Award for Excellence in Fair Work Practices Leading to Workplace Innovation

- **teclan**
- The Apprentice Store
- StrategyStory

Loganair Award for Excellence in Customer Service, Care & Experience

- **Loch Ness by Jacobite**
- The Carnegie Club at Skibo Castle
- The TEFL Org

Stromar Award for Excellence in Natural Capital, Climate Change and Sustainable Communities

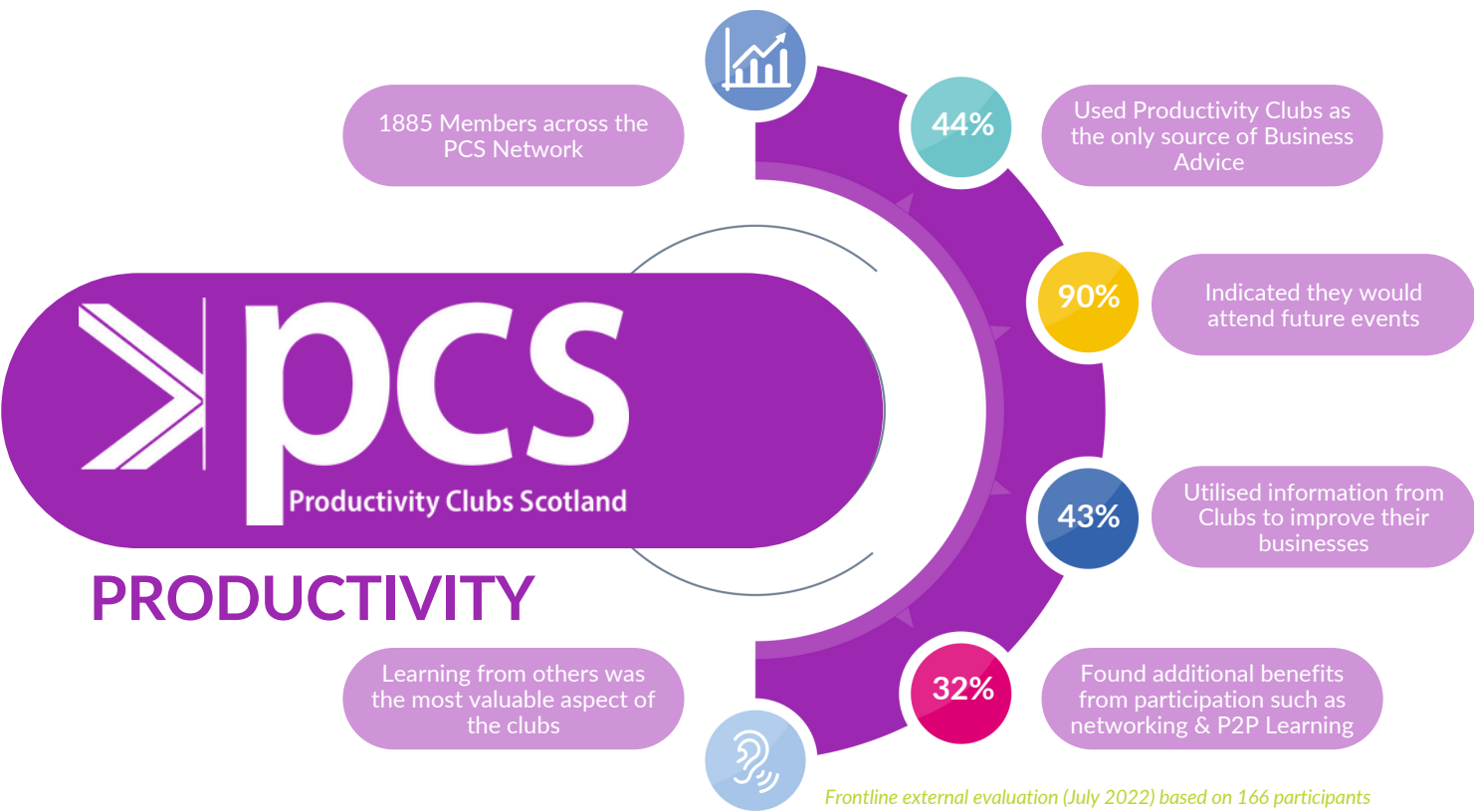
- **Wester Ross Biosphere Ltd**
- Highlands and Islands Airports - Sustainable Aviation Test Environment
- Trees for Life
- Visit Inverness Loch Ness

SCDI Award for Outstanding Contribution to the Regional Economy

- **University of the Highlands & Islands**

EVENT PARTNERS





PRODUCTIVITY - WALKING THE TALK

Our peer to peer learning clubs, supported by the Scottish Government, are designed to help small businesses to improve their performance and increase productivity.

We provided SMEs with the opportunity to get better at what they do by focusing on different themes including purpose, sustainability, business efficiency and strategy, fair work, digital transformation, talent attraction and retention.

In 2021/22, we held 33 events and an annual conference.

The club hosts monthly themed events online or in-person in South of Scotland, Edinburgh or Glasgow, North East and Highlands & Islands. A fifth Club launched in Tayside in September 2022.

Productivity Clubs Scotland continues to work closely with key stakeholders including Scottish Enterprise, the Productivity Institute, Colleges and Universities and other industries and sectors to deliver the best possible speakers and support for attendees.

Sarah Mathieson
Managing Director
Fleming Homes

Youth Employability

October 2021



Katy Gifford
CEO
Aubin Group

Leadership and
Management

December 2021



Nico Simeone
Director
Six By Nico

Productivity Matters 2022

February 2022



Kirsty Thomson
CEO
The Circle

4 Day Working Week

February 2022

Gary Robertson
Group Opportunity
Strategist
Eco Group

Fair Work

March 2022



Jo-Anne Chidley
Co-Founder
Beauty Kitchen

Circular Economy

May 2022



Donald Mackenzie
Head of People and HR
Intelligent Growth
Solutions

Talent & Attraction

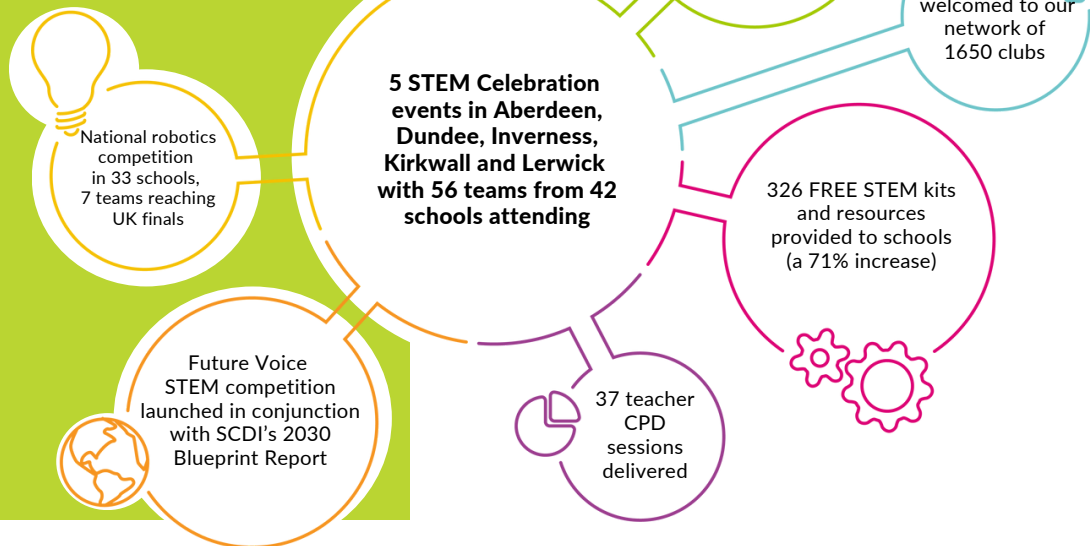
June 2022



Alex Matheson
Co-founder
Fuel10k

Business Purpose

September 2022



LEAD PARTNERS



Scottish Government
Riaghaltas na h-Alba
gov.scot

INSPIRING THE NEXT GENERATION

Technological transformation and the journey to net-zero bring exciting opportunities for a better economy but having enough people with the right skills is critical to Scotland's ability to compete globally.

Employers' need for scientists, technologists, engineers and mathematicians is even greater now than when we set up our Young Engineers and Science Clubs (YESC) in 1987 to open young people's eyes to the opportunities and help them make the right choices.

Our team inspire young people by co-designing bespoke classroom activities with industry, giving them an insight into the world of work and real-life challenges to be overcome.



With support from industry, the programme has grown to be one of the largest extra-curricular Science Technology Engineering and Maths (STEM) schools outreach programmes reaching every part of the country, with coverage in all 32 local authorities.

The team moved quickly to online delivery and hybrid events, flexing the format for teacher CPD and reaching the whole class remotely.

We engaged with more pupils than ever before reaching a more diverse audience and increasing the number of STEMs kits delivered.

66.6% (146) of schools were in the top 25% BME (Black or minority ethnic pupil percentages), FSM (Free School Meal recipient percentages), 25% most deprived by SIMD (Scottish Index of Multiple Deprivation) or UR5/6 (Remote / Accessible Rural areas). This is a 4.1% increase on last year. 84.5% (185) in the top 50% SIMD or UR 5/6 with above average BME and FSM.



THE UNIVERSITY of EDINBURGH



Royal Academy of Engineering

Ingenious



IOP | Institute of Physics In Scotland



SHEPHERD+ WEDDERBURN

THANKS

2022 was a year of continued tumult. As the world sought to recover from the loss and impact of the global pandemic, conflict in Europe had profound impacts, driving people from Ukraine, sparking a crisis in energy and significant inflation in the cost of living. In the UK and Scotland, we have seen significant political changes and the passing of her Majesty Queen Elizabeth II after 70 years as our monarch.

During times of change and challenge it is important for people to engage, collaborate and work together to address the big issues of the day and to provide direction and leadership.

SCDI exists as a membership body to bring together people from across all walks of life in Scotland to do just that, bound together by a shared desire to be a force for good for Scotland.

The diversity and capability of our membership, alongside SCDI's ability to convene, is a powerful vehicle for positive change. We want to thank our members for their continued support and encourage others to join us to experience the richness of discussion, dialogue and delivery that



comes from bringing together public, private and third sector representatives, each seeking to learn, contribute and play their part for Scotland.

As we look to the future, we know there will be more change and challenges. SCDI will continue to seek to play a forward thinking, positive role, driven by its membership and a shared desire to see our nation prosper.

“ SCDI will continue to seek to play a forward thinking, positive role, driven by its membership and a shared desire to see our nation prosper.

Andrew Ritchie, Vice Chair, SCDI



THE TEAM



Forum 2022

Helping shape a better future since 1931

It will be the duty of the Council to examine and consider impartially the industrial, commercial and economic problems with which the country is faced for the time being; to endeavour to arrive at a solution to these problems and, where necessary, to obtain from Parliament such legislation as may be required to give effect to the conclusions reached by the Council.

SCDI, Constitution of the Council

scdi.org.uk