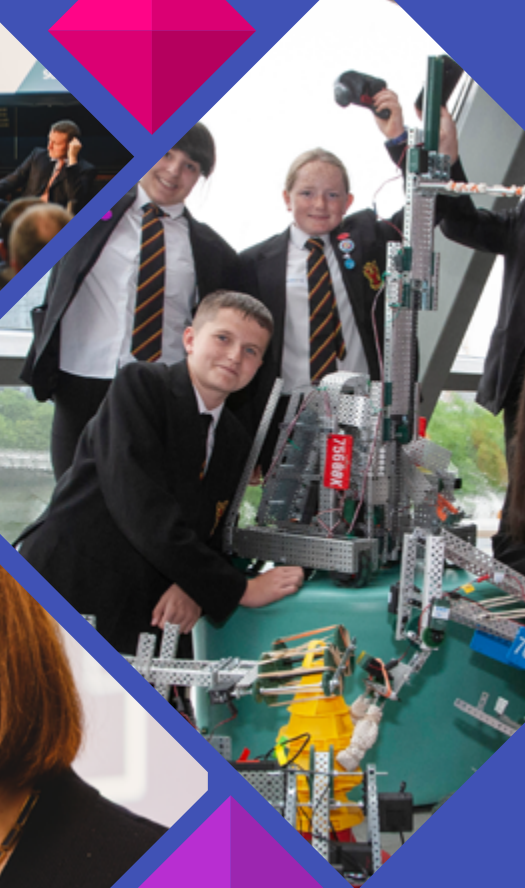


scdi

Scottish Council
for Development
and Industry

Annual Report

2018-2019



Foreword

In the face of an uncertain economic environment, SCDI has continued to represent its members views in driving sustainable, economic and social prosperity for all of Scotland. Over the past year we have strengthened how we support our members by investing heavily in our digital infrastructure and capability to strengthen our policy influence and better equip us to meet our members needs.

Convening and coalescing those with a desire to deliver a more sustainable and prosperous economy for all remains our key purpose. Our continued high-quality policy and thought leadership work informed by our members has ensured we continue to remain the authoritative voice on Scotland's economy. Over the year we've seen an increase in our thought leadership work with reports on becoming a global economic AI and Data leading nation and how we ensure the economy of every part of the country prospers through our Rural Commission. However, we are not just thinking about how we deliver Scotland's economic success we are also delivering through our new initiative Productivity Clubs and the continued expansion of YESC which continues to deliver the skills of the future. The year ahead also looks equally industrious with work planned on preparing members for Brexit, the future of skills, the blue economy, internationalisation and the launch of our Clean Growth Leadership Group. This alongside our

new Blueprint which will set out a plan for the Scottish economy to 2030 will be our focus.

Throughout the year, I've been privileged to meet with members around the country and hear what they value about SCDI. With Sara Thiam joining as our new CEO during the year, it's clear that her recognition of the need to maintain focus on the big issues ahead will be a key part of our future direction as we look to go from strength to strength and drive a drive a sustainable and prosperous future for all of Scotland.

Ian Wall
Chair, SCDI



Clean Growth Leadership Launch: Sara Thiam, Chief Executive; Brendan Dick, former Chair; Ian Wall, current Chair. Brendan was awarded the SCDI Fellowship.

Thought Leadership

Highlights

- The events we ran with the UK Government's Department for Business, Energy and Industrial Strategy (BEIS) ensured an additional £84 million funding was secured for Scotland. Our members are at the forefront of organisations tackling economic challenges of AI & data, an aging society, future of mobility and clean growth
- Our Rural Commission Report proposes measures which ensure the full economic potential of every part of Scotland is realised
- Our joint advocacy with Universities Scotland led to the reinstatement of the post-study work visa enabling international students to stay in the UK for two years after graduation
- Data Lab were tasked by the Scottish Government to lead the development of a World-Leading AI and Data Strategy for an Inclusive Scotland – a key ask of our report
- £2m funding announced by the Scottish Government to test mobility as a service (MaaS), called for in our Connectivity Commission report
- Members were kept informed of Brexit developments with briefings and workshops across Scotland
- Our Productivity Clubs are providing much needed support to businesses and proving popular with members attracting more than 500 members in the first month
- Technological resilience was added to the Scottish National Investment Bank missions, which we had pressed for to support data and digital innovation
- Our call to remove the 'third party right of appeal' from the Planning Bill was successful
- We supported giving local authorities the power to implement a Working Place Parking Levy.

Building a World-Leading AI and Data Strategy for an Inclusive Scotland

Scotland has the potential to become a world-leader in the fields of data science and artificial intelligence but data scandals and business models which exploit behavioural data have dented public trust in recent years. SCDI partnered with BT Scotland, Scotland IS, and the RSE to champion the opportunities and harness the potential Artificial Intelligence (AI) technologies and data provide to improve the wellbeing of Scotland's people.

Our March report called for a joint strategy to drive the use of artificial intelligence which could generate £13 billion in additional economic output. The announcement that Data Lab, Scotland's Innovation Centre for data and AI, had been tasked by the Scottish Government to lead the development of the strategy yet again demonstrated SCDI's influence and reach thanks to our members' collective expertise. SCDI continues to shape this important work as a member of the steering committee chaired by Digital Economy Minister Kate Forbes which will culminate in a Strategy Launch in September 2020.

"Our rural and islands areas are home to the assets that provide the natural and business resources for key economic success stories."

- Cabinet Secretary for the Rural Economy, Fergus Ewing MSP

Maximising Rural Scotland's Economic Contribution

For Scotland's economy to flourish we need to harness the potential of people, businesses, and communities, in all geographies. Rural Scotland accounts over a quarter of Scotland's economy but is home to only one in five of our population. Our Rural Commission highlighted the interconnected nature of housing, transport and employment barriers and the need to tackle these collectively to unlock economic potential. With a focus on people, place and driving business growth it highlights the collective impact of actions that link together to make a difference. The report contains 42 recommendations, which, if enacted, will help ensure a greater contribution from rural Scotland to sustainable economic growth.



Building a World-Leading AI and Data Strategy for an Inclusive Scotland



The Rural Commission Report: An Economy for All of Scotland

The need to act to transform our economy to deliver net-zero saw SCDI launch our **Clean Growth Leadership Group** in September at an event which attracted high profile speakers and helped our members understand the scale and pace of the challenge and the need for a paradigm shift. The Leadership Group is now developing a route-map to 2045 and a net-zero Scotland.

Our **Investment and UK Industrial Strategy Commission** set up in March 2018 was instrumental in helping us raise awareness of the opportunities and secured additional investment in the Scottish economy.

In setting up our **Skills and Employability Leadership Group** we sought to develop a clear approach to delivering the right skills to meet our future needs in response to the opportunities and challenges of the Forth Industrial Revolution. This vital work builds on our work on digital over recent years.

Our **Big Data & Health Economy Research Project** launched in Summer 2019 and is exploring how insights and innovations from ethical and secure data can be harnessed to transform health and social care to save lives, reduce costs, attract investment and create jobs.

Brexit continues to create uncertainty for our members. We have ensured your voice has been heard at the highest levels and kept you briefed on the steps you should take to build resilience and position your organisation for what lies ahead.

Through **Productivity Club Scotland** we are looking at all of the issues and the individual measures businesses can take to improve their performance, facilitating impactful and practical peer-to-peer learning.

"The Productivity Clubs are just at the beginning of a big change in Scottish business towards a culture where good ideas spread fast.

The Club's meetings have also shown me a lot of practical ideas about just how a variety of companies have turned around the productivity of their people. These sessions are exchanging real life implementations, not just theory and hot air, and I find that particularly valuable.

It's been a very useful experience for me.

I have already been able to listen to 12 companies' experiences and know-how through the Club meetings."

- Alan Fowler, Partner, Outcome Delivery Network

Our Influence

Nicola Sturgeon MSP, First Minister of Scotland speaking at Forum

16

UK Government
Ministerial Meetings

14

Parliamentary Meetings
Westminster & Holyrood

12

Written Evidence

4

Oral Evidence

27

Scottish Government
Ministerial Meetings

Benny Higgins, Strategic Adviser,
Scottish National Investment Bank
addressing Forum 2019.

Lifelong Learning

Our Scotland-wide events programme reflects innovative thinking and best practice in sustainable economic growth from around the world. We pride ourselves on creating a unique space where leaders from the public, private, and not for profit sectors, can meet decision makers and be informed and inspired.

Our breadth of events and seminars included the UK Committee on Climate Change Chief Executive Chris Stark speaking in Aberdeen in January; discussion on future economic growth with Sam Woods, Deputy Governor of the Bank of England, in April; Minister for Public Finance and Digital Economy, Kate Forbes, discussing the development of an AI Strategy; and the launch of our Clean Growth Leadership Group event in September; plus over fifty other events throughout the country. This range and diversity of discussion and events sets SCDI apart as the convening body for the latest thinking on how we strive collectively for an economy in which everyone can participate, and from which everyone benefits.

Highlights

Scotland's Place in the World, Aberdeen

Martin Gilbert, Chief Executive of Aberdeen Standard Investments gave his insights on globalisation, on his belief

that the seeds of the next financial crash have already been sown, and the importance to businesses of looking at the headwinds they may face.

Forum A Time of Change – Starting the Clock on Scotland's Next Economy, Edinburgh

As ever our trademark values of being outward and forward looking attracted high level speakers from around the world. Yet again we showcased the how Scotland is innovating and playing its part in the global economy, gaining an understanding of the choices we face in tackling waste to create a circular resource efficient economy. Leaders from across Scotland gained an insight into the choices we need to make to harness global opportunities.

"It provides a fact base for debate and framing issues, it helps businesses meet each other to understand if they're facing similar challenges and can maybe work together to find solutions."

- Dame Vivian Hunt DBE, Managing Partner, UK & Ireland, McKinsey & Company

Highlands and Islands Awards, Inverness

Our 20th annual dinner and business excellence awards saw over 300 members and guests come together to celebrate success with Eden Court Theatre picking up this year's Chair's Award for outstanding business achievement and a keynote speech from Minister for Trade, Investment and Innovation, Ivan McKee MSP.

Our Events

3665
Attendees


87
Speakers

16
Ministers &
Parliamentarians


58
Events

31
Venues


15
Towns & Cities



Forum: Jon Veitch, Director, UK and Ireland, Talgo; Nora Senior CBE, Chair, Scottish Government's Strategic Board for Enterprise and Skills; Sally Magnusson; Dame Vivian Hunt DBE, Managing Partner, UK and Ireland, McKinsey & Company; and Carlos de Palacio, President, Talgo, discussing the global changes in business, the economy and society.



Lecture: Martin Gilbert, Chief Executive of Aberdeen Standard Investments delivers views on change within the global economy.



Highlands & Islands Awards: Gyles Brandreth entertains members as he presents the annual recognition of business achievement.

Skills for the future - Young Engineers and Science Clubs (YESC)

Engineers, scientists, mathematicians and people with technological skills and know how can help us tackle climate change and transform our lives for the better. The scale and pace of disruption means that their skills are more in demand than ever. The need to attract and enthuse the next generation of innovators and problem solvers is even greater now than when we established our Young Engineering and Science Clubs in 1987.

Working in partnership with our members and the Scottish Government, our specialists deliver hands-on support for teachers and business and industry alike. They develop and deliver exciting activities which help young people understand the challenges and involve them in creating the solutions. Our events and activities showcase opportunities and bridge the gap between school and the world of work.

Through our clubs young people take part in projects ranging from robotics to renewables, computing to civil engineering.

With thanks to our industry partners:

Lead Partners



Principal Partners





50+

schools took part in real world challenges designed by our supporters at our flagship Celebration of STEM event at the Glasgow Science Centre in May

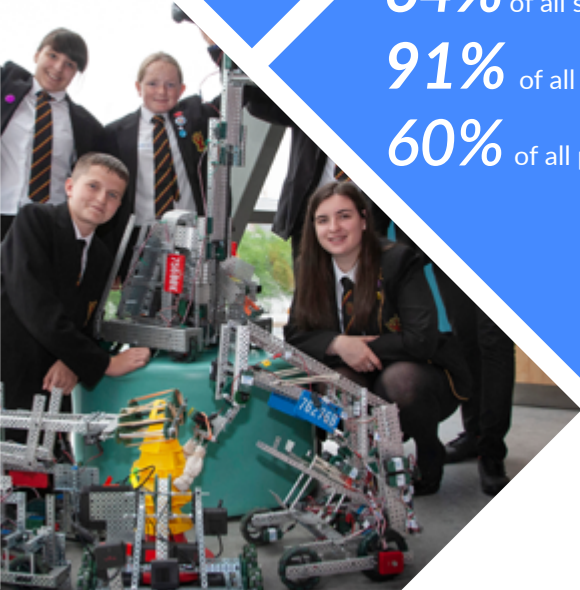


£4 in every £5

of our funding comes from industry partners

1600

clubs in Scotland across all local authorities



64%

of all schools in Scotland

91%

of all secondary schools

60%

of all primary schools

35,000

pupils involved

75

new schools joined



Year Ahead

As I start my first full year with SCDI it feels like the need for an organisation, which believes that every part of the Scottish economy - private, public and not for profit - has ideas, abilities and responsibilities for creating a successful future, has never been greater.

I'm hugely encouraged – although not surprised - by our members level of ambition in taking action on the challenges which will shape our fortunes as a country and their eagerness to engage positively to deliver an economy which supports all of Scotland to flourish.

2019 was the year many of us began to realise the pace and scale of economic and societal transformation required to tackle climate change and SCDI starts the year with a strong Leadership Group ready to work with our members to identify opportunities to meet Scotland's essential emissions reduction targets. They will inform SCDI's input into Scotland's Climate Change Plan, but also seek to catalyse actions across our membership and beyond to deliver clean growth and jobs.

Building on our skills work this year we'll be running events across Scotland to focus on how its recommendations can be tailored and implemented in regional economies to support business growth and our future workforce.

High-performing workplaces are one of the critical ingredients for fixing our productivity problem – and the latest figures suggest that there remains much to do. The popularity of our Productivity Clubs pilot with the Scottish Government demonstrates a real appetite on the part of Scotland's business community to make improvements and share learnings, and we're keen to build on the positive feedback from this initiative.

This is even more important given the uncertain outlook. Following the UK's exit from the European Union at the end of January, negotiations this year on a trade deal will be of great significance, with the fallout from the trade war between US and China already making itself felt among our exporters. SCDI will reconvene our International Group, to be chaired by Martin Bell of the Scotch Whisky Association and build our capacity to support members. As ever we will continue to work with both governments and are exploring opportunities for more activity in London. Our May Forum promises to be the best yet and is your opportunity to engage collaboratively and in depth with the issues and ideas for Scotland's economy. As a member of SCDI it was always a go-to event for me to inform forward plans, strengthen and make new contacts and partnerships, and meet senior decision-makers in Scotland, the UK and beyond.

This will also be a chance for us to discuss how we can take forward and deliver the vision in SCDI's new Blueprint which sets a bold vision for Scotland and makes practical recommendations to unlock Scotland's many opportunities. It'll be rooted in those shared values in which SCDI believes and with your backing it can spark a successful and sustainable future for Scotland.

I'd like to thank members and staff alike for the warmth of your welcome to what feels more like a movement than an organisation. I look forward to working with you in the months and years ahead.

Sara Thiam
Chief Executive, SCDI



Regional Director Fraser Grieve with Energy Minister Paul Wheelhouse MSP, Scotland Minister Lord Duncan, and Scottish Renewables CEO Claire Mack at the opening of the Beatrice Offshore Windfarm.



South Korean Delegation meeting Director of Policy Matt Lancashire.



Productivity Club Manager Ashleigh McCulloch and Head of Policy Gareth Williams at the launch of Productivity Club Scotland.



John Swinney MSP, Deputy First Minister of Scotland speaking at Forum.



Broadcaster Robert Peston speaking at Forum 2019.



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Deputy Chair: Willie Maltman

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Alan Thomson, Scottish Water
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William Dowson, Bank of England
Rebecca Hackett, Scotland Office
Mary McAllan, The Scottish Government
Lucy Smith, Cabinet Office

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Carroll Buxton, Highlands & Islands Enterprise
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Duncan Skinner, Glencraft
Donald Smith, LiceComb Engineering
Steve Szalay, Aberdeen International Airport
Peter Thain, NORR
Andrew Webster, Wood

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Chair: Wendy Pring, CEO & Founder, KCP Ltd

Joanna Campbell, Dumfries & Galloway College
Gwilym Gibbons, The Crichton Trust
Dame Barbara Kelly, Crichton Campus Leadership Group &
Peter Pan Moat Brae Trust
Donald MacKinnon, Konica Minolta
Eileen Pheasant, McEwan Fraser Legal
Neil Wilson, SAB Advisory Ltd
Angela Cox, Borders College
Kenneth Rose, CMS Scotland
Eddie Black, Eco-Genics Ltd
Sheena Horner, Food from Farming

Fellows & Thanks

Fellows

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Mrs. Esther Robertson
Mr. Ronnie Scott Brown
Mr. Duncan R Skinner
Mr. James Smith
Mr. Matt Smith OBE
Prof. William S Stevely CBE
Mr. Donald Turner
Mr. Michael Urquhart
Mr. Alan Wilson OBE

Thank You

200 SVS
The Aberdeen Altens Hotel
Aberdeen Arts Centre
Aberdeen City Council
Aberdeen Harbour
Aberdeen International Airport
Aberdeen Performing Arts
Aberdeen Standard
Aberdeenshire Council
Aspen People
Big Partnership
Borders College
BP

Brodies LLP
BT Scotland
CalMac Ferries
CBRE
The Chester Hotel
CityFibre
City of Glasgow College
Clan Cancer Support
Colleges Scotland
Comhairle nan Eilean Siar
Comms FM
Crown Estate Scotland
Deloitte LLP
Deloitte Private
Diageo
Dovecot Gallery
Drumossie Hotel, Inverness
Dumfries and Galloway College
EDF Energy
Edinburgh International Conference
Centre
ELEVATOR
Glasgow City Chambers
Go-Centric
Gordon Highlanders Museum
Grand Central Hotel
Highland Council
Highlands and Islands Enterprise
Hunting Energy
Incremental Group

John Lewis
Johnstons of Elgin
Kimpton Blythswood Square Hotel
Kingsmills Hotel, Inverness
LDM Integrated Communications
Ledingham Chalmers LLP
Liberty British Aluminium
Living Wage Scotland
LNER
MacRoberts LLP
Malmaison Hotel
The Marcliffe Hotel & Spa
Maryculter House Hotel
Marriot Hotel Aberdeen
Merchants House
Moray Estates
Mowi Scotland
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North East Scotland College
Norwood Hall Hotel
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Openreach
The Open University
OPITO
Opportunity North East
Orbit
Park Inn by Radisson, Aberdeen
Parklands Care Homes
Perth and Kinross Council
Peterson (UK) Ltd

The Press and Journal
Prince's Trust Scotland
Pulsant
RelyOn Nutec
Raemoir House
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Royal College of Physicians and
Surgeons of Glasgow
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Scottish Credit and Qualifications
Framework
Scottish Enterprise
Scottish Environment Protection
Agency
Scottish Government
Scottish National Investment Bank
Scottish Natural Heritage
Scottish Power
Scottish Water
Serco NorthLink Ferries
Shell UK
Shephard + Wedderburn
Skills Development Scotland
Sodexo
South of Scotland Economic

Partnership
SSE
Stirling Council
Surgeons Hall
TECA
Trades Hall
Transition Extreme Sports Ltd
UK Government
University of Dundee
University of Edinburgh
University of the Highlands and Islands
V&A Dundee
Virgin Trains
Wave
Wheatley Group
Wise Group
Womble Bond Dickinson
Wood.
Zero Waste Scotland



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