

# **SCOTLAND CAN DO**

## **Boosting Scotland's Innovation Performance**

**An Innovation Action Plan For Scotland**

# **SCOTLAND CAN DO – BOOSTING SCOTLAND’S INNOVATION PERFORMANCE: AN INNOVATION ACTION PLAN FOR SCOTLAND**

## **AMBITION**

Scotland CAN DO is about how we work together towards seeing Scotland recognised as being a world-leading entrepreneurial and innovative nation - a CAN DO place for business.

Our overarching economic ambition is to see Scotland ranked in the top quartile of OECD countries for productivity, sustainability, equality and wellbeing. In working towards this, a strong innovation performance will be critical to improving Scotland’s long-term productivity growth and to enabling inclusive growth and the delivery of higher living standards for the people of Scotland. Our long term ambition for innovation therefore is to:

### **Boost Scotland’s innovation performance to match the levels of the best performing countries in the OECD.**

This complex challenge requires contributions and behaviour change across the economy. But it is vitally important to have a clear long term vision, made all the more pressing by the potential impact of the EU referendum on available funding and collaborative opportunities for innovation and R&D and by the ongoing, rapid pace of technological change across the globe.

## **SCOTLAND’S ENTERPRISE AND SKILLS REVIEW**

Published in October, the Enterprise and Skills Phase 1 Report<sup>1</sup> took a fresh look at how, across the enterprise and skills system, we could best maximise individual and collective impact and effectiveness in transforming productivity, and in driving a step change in the performance of our economy to deliver strong, vibrant and inclusive growth.

As part of the report we committed to reviewing, streamlining and simplifying the innovation support ecosystem and associated programmes, funding and delivery mechanisms; and to developing and delivering an Innovation Action Plan to help more businesses in Scotland to increase their level of innovation, realise their growth ambitions, and create jobs and wealth across Scotland.

The Innovation Review will report in Spring 2017. It aims to address the need that has been identified for “*a common understanding of the system’s strengths and weaknesses, the assets that can be built upon, and the vulnerabilities that need to be addressed*”<sup>2</sup> in the innovation system. To achieve that end, the Review will analyse our innovation activities and performance relative to other countries; examine what is offered to business and how this support is delivered; and also consider how we can make best use of digital and data tools to improve Scotland’s innovation policies and programmes.

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<sup>1</sup> <http://www.gov.scot/Publications/2016/10/4372>

<sup>2</sup> Council of Economic Advisers’ Annual report for 2015/16: <http://www.gov.scot/Publications/2016/10/2043/5>

The Innovation Review will also take account of evidence gathered during Phase 1 of the Enterprise and Skills Review and on-going discussions with entrepreneurs, businesses, and stakeholders which tell us that:

- We need to simplify the innovation landscape and deliver optimal alignment between our innovation approach and the Scottish Government Economic Strategy, in order to maximise the impact of public sector support for innovation, and, in doing so, to make a greater contribution to meeting the needs of Scotland's economy and society, such as in tackling climate change and delivery of low carbon, cost effective and sustainable energy supplies, or supporting 'fintech' innovation in financial services;
- We need to create an innovation culture in business and public services and substantively broaden the base of innovation active businesses and to ensure that we have the right range and mix of accessible innovation advice and products, tailored to the right customers and meeting their needs; and
- We need to increase awareness of sources of innovation support and the benefits it can provide for businesses across Scotland to stimulate a step-change in the investment by businesses across all sectors in innovation and research and development, with innovation in products, processes and services, to secure and maintain competitive advantage. This should include access to academic expertise and facilities across Scotland.

The Review will set the course for a long term, strategic and joined-up approach to significantly boosting Scotland's innovation performance. This Action Plan, developed with stakeholders and the Scotland CAN DO Innovation Forum, is focused on taking action now to boost innovation.

### **CAN DO INNOVATION FORUM**

Jointly chaired by the Minister for Business, Innovation and Energy and the Minister for Further Education, Higher Education and Science, the CAN DO Innovation Forum brings together key representatives from business, industry and academia, along with the Scottish Government and its enterprise agencies, to discuss, agree and take forward actions to improve Scotland's innovation performance.

A clear story has emerged from the Forum's discussions. Scotland is already an innovative nation with a highly skilled and qualified workforce, world renowned universities and research strengths, high levels of investment in Higher Education R&D and a number of internationally innovative companies across a variety of sectors. Furthermore, although our businesses have been improving their innovation performance in recent years, through increased investment and innovation activity, the level of business investment in R&D in Scotland is lower than key competitor nations.

The Forum also highlighted the potential for the public sector not only to be more engaged in innovation, to the betterment of the efficiency and effectiveness of public services themselves, but also to act as a catalyst for business innovation through procurement and matching public sector needs with private sector innovation expertise; and to demonstrate the importance of much greater alignment between business and academia.

We aspire to see Scotland in the top-quartile for productivity and innovation active businesses in the OECD and recognise that, whilst there has been progress in recent years, there is more that we need to do to increase levels of business innovation and business expenditure on research and development to improve Scotland's economic competitiveness and make the economic gains that will drive sustainable and inclusive economic growth.

To do this it is critical that we must foster a far stronger culture of innovation active companies and organisations in Scotland and, in particular, develop and support ambitious businesses that use innovation to grow and secure competitive advantage; and, in creating a culture where innovation is understood, invested in and celebrated, we must facilitate this with a clear, easy to navigate, well connected system of information, advice and support.

## **THE ACTION PLAN**

The following actions have been identified as early steps that we can take to support and encourage innovation:

### **1. Directly encourage more business innovation by:**

- Increasing our ability to scale up innovative companies with rapid growth potential, by drawing together existing high growth initiatives into a collaborative SCALE UP programme;
- Increasing the number of businesses receiving innovation support by streamlining existing partnerships across all relevant agencies and the private sector, so that businesses have access to the full range of information, advice and support, no matter what agency or other organisation they engaged with; and
- Encouraging others to innovate by developing and rolling out a Communications Plan to raise awareness of the benefits of innovation to businesses and to celebrate existing successes.

### **2. Use public sector needs and spend to catalyse innovation by:**

- Tasking the Scottish Government's Procurement directorate with ensuring that procurement acts as a catalyst for business innovation; and
- Developing a coordinated programme of mission-oriented challenges and inducement prizes, including a Public Sector Challenge Fund, a new Innovation Prize and continued trialling and further funding for CIV tech.

### **3. Support innovation across sectors and places by:**

- Starting with work in Edinburgh to help digital entrepreneurs in Edinburgh 'scale up' and work in the Highlands and Islands focused on the rapid prototyping and adoption of solutions to inflammatory bowel disease.
- Implementing our Manufacturing Action Plan including work to put Scotland at the forefront of the circular economy through innovation in product design and manufacturing, supply chains and customer relations; work to support energy efficiency and decarbonisation including low carbon technology demonstrator projects; investment in SMART manufacturing and encouraging and supporting more manufacturing businesses to invest in product, process, service and workplace innovation;
- Working through Scotland's Financial Services Advisory Board (FISAB) to put Scotland at the leading edge of the fintech industry; and
- Work with partners to develop the business case for a new manufacturing centre of excellence and skills academy - the National Manufacturing Institute for Scotland to support the transformation of Scotland's manufacturing industry in terms of innovation and digital opportunities, creating sustainable, high-value and highly skilled jobs.

### **4. Make best use of University research knowledge and talent to drive growth and equip Scotland's people with the tools and skills needed to innovate by:**

- Implementing the university led Innovation Scotland Forum Action Plan to increase the conversion of academic research and knowledge into business growth, and optimise the University/Business interface;
- Working with universities to deliver leadership and entrepreneurial skills training for emerging entrepreneurs, innovators and businesses;
- Maximising knowledge exchange through the University Innovation Fund;
- Increasing business use of academic expertise and facilities through improved mapping and signposting; and
- Considering how best to take forward the recommendations of Professor Graeme Reid's independent review of Scotland's Innovation Centres.

## **CONCLUSION**

This Innovation Action Plan builds on the progress we have made, working together, to boost Scotland's innovation performance. It sets out important first steps the Scottish Government will take with partners and businesses to improve Scotland's innovation offer and drive up business innovation. It will require the commitment of not just the Scottish Government but also business and education leaders and the wider public sector. Over the coming months, as we work with partners to take forward the next phase of the Enterprise and Skills review, we will identify further steps to increase the level of business innovation active businesses over the long term to create a world class innovation system which moves Scotland toward being in the top quartile of the OECD for innovation and, thereby, matching the best performing countries in the World.



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