



Building a business case for Scotland

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Speak to us

Start the dialogue today.

Independent advisory board for economic growth



In August 2023, an independent advisory board was appointed to provide impartial advice to the Scottish Labour Party.

Members of the board were asked for independent input and met collectively to address the economic challenges and opportunities facing Scotland.

Scottish Labour thanks industry experts from the world of finance, energy, food and drink, arts and culture, and the trade union movement, who provided deep insight, knowledge and understanding so that we can start building a growth plan which meets the needs of business and delivers for Scotland.

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We can only deliver economic growth, create more jobs, and improve public services, if we have a genuine partnership with industry.

Anas Sarwar, leader, Scottish Labour



Scotland is brimming with potential

Why a fresh approach can unleash a more vibrant economy, by the Scottish Labour leader

Throughout our history, Scotland has been an internationalist, outward looking nation that has punched well above its weight across the UK and on the world stage.

And we can be again.

As we mark the 25th anniversary of devolution, it is time to reflect on what our Scottish Parliament has achieved – and where it has fallen short.

Holyrood has overseen sweeping social change, from free personal care, to the smoking ban, to same-sex marriage.

But we have been very much a social policy parliament, rather than an economic policy parliament.

And that has let down Scottish employers and workers, weakening our potential for growth.

With the vast powers available to Scottish ministers, it is vital that we debate how to deliver economic growth. That is what Scottish businesses deserve.

In the Scottish Labour Party we believe in growth, and we recognise that businesses have to be successful in order for them to create the jobs our country needs

– and for us to build the strong economy our country needs.

That is what delivers the tax receipts we need to deliver the policy reform we want to implement.

But the current Scottish Government has resorted to using income tax as a substitute for economic growth.

This is choking off opportunity and hurting families and companies in the middle of a cost-of-living crisis and a cost-of-doing business crisis.

If Scotland's economy had grown at the same rate as the north west of England it would be £11.5 billion bigger.

The Scottish Government has failed businesses in Scotland.

Policy happens to business – rather than with business – and there is inconsistency, cumbersome regulation, and a lack of realism and ambition.

We need a new business case for Scotland.

I do not pretend that Scottish Labour has all the answers, which is why we have been listening to business leaders across the country.

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We will ask the people of Scotland to give us the opportunity to deliver our ideas in government.

Since being elected leader, I have met with hundreds of employers to listen to their concerns and their aspirations – from entrepreneurial start-ups, to employee-owned SMEs, to our largest corporations.

I am extremely grateful to members of the Independent Advisory Board for Economic Growth, to our partners in the trade unions, and to all the business leaders who have taken time to engage with our party, for your insight and wisdom.

I share your vision to make Scotland the best place to do business.

And I recognise that we can only deliver meaningful economic growth, create more jobs, grow our nation's tax base, and improve public services, if we have a genuine partnership between government and industry.

This report is only the first stage of the process towards building a business case for Scotland.

Ahead of the 2026 Scottish Parliament election, we will publish further reports in this series as we produce an economic growth plan.

The purpose of this report is to address the problem of poor economic growth, to outline our

focus and principles, and the levers available to the Scottish Government.

We need to break down barriers to business and increase the appeal and appetite for businesses to invest and grow in Scotland.

In this report we focus on three interlinked areas that businesses want government to prioritise, and where I believe Scotland can lead the world: the green economy, tech innovation, and Brand Scotland.

Our immediate priorities include reforming the planning system to increase capacity, fast tracking key energy projects.

We need to review the regulatory landscape so that Scotland is a more attractive place to live, work and do business.

And we should leverage our national produce, landscape, and cultural industries to promote Scotland internationally as a world-class place to visit and do business.

We will road test our ideas in opposition and then ask the people of Scotland to give us the opportunity to deliver them in government.

This will be a plan based on partnership to build a strong economy, provide better jobs, and create more jobs – in every part of the country.

It is time to unleash the true economic potential of Scotland and its people.

A. Sarwar

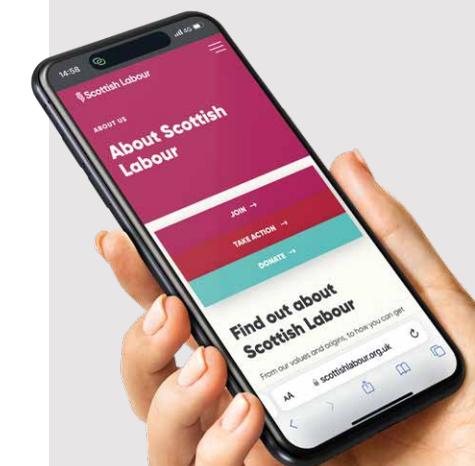
Anas Sarwar
Leader of the Scottish Labour Party

A genuine dialogue with business

Scottish Labour's door is always open to business: we want to hear from entrepreneurs and innovators as our plans develop.

We know that governments can't create economic growth; that's the job of business. But we do know that we can legislate to make it easier for business to thrive.

Please use the QR code below to register for updates and to continue the conversation with us.



Scotland's business landscape

Recent research shows pressure on Scottish businesses is increasing

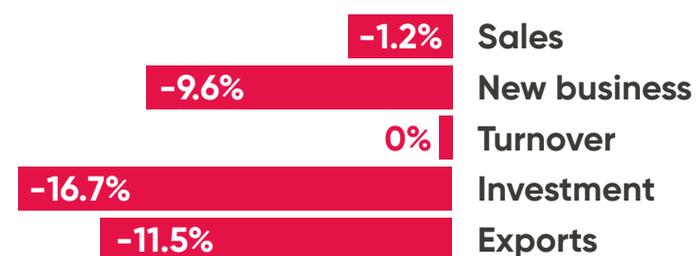


78% of firms in Scotland report that they have seen their costs increase over the last 12 months. 67% of firms reported that they expected total business costs to be even higher in the next six months.



47% of firms report cancelling or delaying investment in the past 12 months. 71% said this was at least partly due to economic uncertainty.

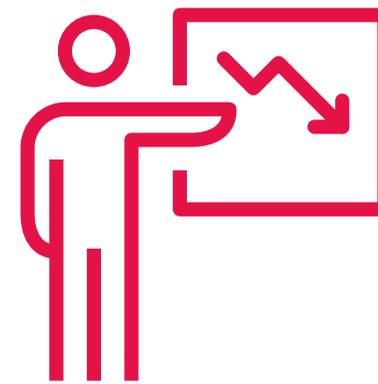
Business activity in Scotland was down across all measures in Q3 2023.



Source for all of above: Fraser of Allander Institute Scottish Business Monitor Q3 2023



45% of businesses report having current vacancies and 86% of these firms said it was difficult or very difficult to fill these vacancies.

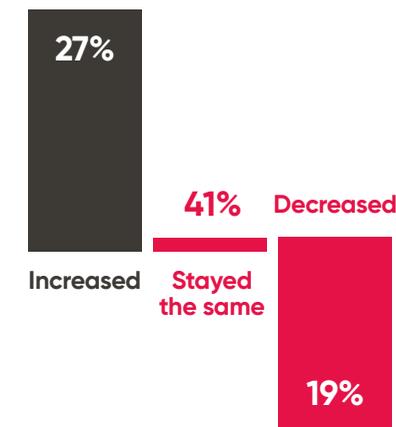


There are **5.6%** fewer private sector businesses in Scotland compared to last year.

There are now 340,760, of which 338,385 are small or medium sized businesses.

Source: Businesses in Scotland Statistics: 2023

60% of firms said their growth was static or had declined in the year to Dec 2022.



Source: Business and Innovation Statistics (weighted Scotland estimates W100 Dec 2023)



24.7% of businesses said that they faced recruitment difficulties. 63% said these difficulties were due to a lack of qualified applicants.



71% of organisations in Scotland are currently facing skills shortages.

Source: Chamber of Commerce Business Barometer 2023

Scottish Labour's plan



Growth will only happen if government works together with business to drive investment and create jobs in the economy.

This needs a shared plan and understanding.

In this document we set out our approach and thinking about how this will be done.

It centres on three priorities, because we believe these are the key areas where Scotland can generate growth.

The Scottish Labour Party will work in partnership with business, listen to industry, champion workers, break down barriers, and deliver inclusive economic growth.

We believe that Scotland has vast untapped economic potential.

Scotland can capitalise on the opportunities of the future to create well-paid, skilled jobs, growing businesses and a thriving economy.

Daniel Johnson

Daniel Johnson
Shadow Cabinet Secretary for Economy, Business and Fair Work

Why growth matters

A vibrant economy will deliver greater equality under Scottish Labour

The challenges we face require investment that can only be achieved if Scotland's economy grows.

Labour will always be a party that believes in the need for strong public services and social change.

But neither of these things are achievable without economic growth.

Growth drives confidence, which drives investment into Scotland, delivers the innovation we need to address changing demographics, generates the tax receipts that sustain vital public services, and makes us better equipped to tackle poverty and build a fairer society.

Equality and opportunity for all is only possible if there are increasing and expanding opportunities across the economy. In turn, successful business needs strong public services.

When people are sick or injured, we need effective health services so they can get better and return to work.

Education is vital if our workforce is to be productive and effective in a competitive global economy. And businesses rely on roads, rail, and ferries to get goods to their customers and to enable people to travel from where they live to where they work.

As we face the challenges of technology, an ageing population, and the climate emergency, we require change and investment at a level and pace that is unprecedented.

Failure to deliver growth will simply see our country fall behind, heighten inequality, and lead to a further decline in public services.



Since the financial crash, economic growth has been at historically weak levels in Scotland and across the UK.

At present, the UK economy is only 1.8% larger than it was pre-pandemic.

Scotland's economy has even greater challenges: the Fraser of Allander Institute is pessimistic about Scotland's short term growth rates, predicting 0.6% growth in 2024 and 1.1% in 2025.

We have been left trailing behind regions in England.

The Scottish Chambers of Commerce's latest survey show businesses face continued pressure from inflation and investment.

While the global recovery from the Covid pandemic has occurred, growth remains sluggish, with the UK teetering on the brink of recession.

The Scottish Government budget is under increasing pressure with tax income tax revenues falling behind the Block Grant Adjustment.

The impact of sluggish economic growth means less money to spend on stretched public services which are already facing swingeing cuts, and fewer jobs for workers.

The Scottish Labour Party will work in partnership with business, listen to industry, champion workers, break down barriers, and deliver inclusive economic growth.

We believe that Scotland has vast untapped economic potential.

Scotland can capitalise on the opportunities of the future to create well-paid, skilled jobs, growing businesses and a thriving economy.

Currently we have a vicious cycle of high taxes, diminishing public service, and economic decline.

The Scottish Labour Party is determined to offer an alternative.



Anas and Keir in the control room of SSE Renewables, Beatrice offshore windfarm in Wick



Working with business

Our guiding principles, and the levers available to the Scottish Government

Scotland has many levers of change that can make a decisive impact on economic growth.

But too often, our politics has focused on what we cannot do, rather than what we can do.

It is time to use all the levers at Scotland's disposal.

The following areas are where we believe positive change is possible, and the levers Scottish Labour wants to use to create economic plans that deliver prosperity for all.

People and skills

Our skills system is orientated around early careers, lacks flexibility, and does not connect well with the rest of the education system.

This is compounded by the apprenticeship levy which lacks transparency.

The Withers' Independent Review of the Skills Delivery Landscape found that major structural reforms are required. The skills system needs reshaped so that it is better aligned

to economic, industry, and employer need.

Flexible and modular approaches will be key to ensuring the skills system is able to deliver this priority.

More importantly, it must place as much emphasis on upskilling and reskilling as it currently does on those at the point of entering the workforce.

This must be underpinned by an employer-led and transparent approach.



Case study Greater Manchester skills bootcamp

Rolled out by the Mayor of Manchester, Andy Burnham, the programme involves intensive training courses lasting up to 16 weeks to give trainees the opportunity to build up sector-specific skills. The courses guarantee a fast-track to an interview with a local employer with vacancies and skills gaps.

So far, these courses have benefitted 1,200 trainees with the digital-specific programme and the Greater Manchester Combined Authority (GMCA) recently secured £7 million to deliver further training.

Regional development

City and regional economies are the foundation of economic dynamism and growth.

However, Scotland's performance now lags many metro authorities which have fewer economic powers.

Scotland's centralised approach and confusing network of regional bodies is a problem.

The poor state of local infrastructure, such as public transport, is a marker of poor regional economic development.

Edinburgh's GVA per worker is around 27% higher than it is in Glasgow, and there is a disparity between rural and urban areas.

Each of Scotland's cities should have the infrastructure and connectivity required to become a start-up hub based in its unique sectoral strengths and expertise:

energy in Aberdeen, life sciences and gaming in Dundee, fintech and data in Edinburgh, tech and advanced manufacturing in Glasgow.

Barriers to regional growth are created by challenges with inward travel, such as the lack of transatlantic routes at Glasgow Airport and poor quality roads in the Highlands and from our main seaport in Cairnryan to the rest of Scotland.

European turnaround cities like Lille, Dortmund and Bilbao have demonstrated that regional growth is possible with the right place-based packages of tailored support across planning, transport, housing, skills, and enterprise.

We will take forward work to look at combined regional structures, embedding business partnerships, and fostering strategic decision-making across local authority boundaries in future work.

Scottish Labour's guiding principles



1. Partnership

We want to end interminable consultation that is disconnected from outcomes. Our approach will see business hardwired into decision-making on the economy, helping to shape critical decisions on skills, infrastructure, and regulation.

2. Strategic pipelines

Government too often sets targets without outlining how these will be achieved. Our approach will see strategic planning of the milestones and government interventions needed to deliver our ambitions across all areas of government policy.

3. Convening Power

The scale of the opportunities and challenges means that individual businesses or even sectors cannot act alone. Our approach will use government's immense power to bring the right people together to act in combination and mitigate risk.

Case study Dortmund

The 'Dortmund project' sought to make the city attractive for both employers and employees.

Its principles were that firms would not locate in the city or be successful without being able to find the right people and skills, and people would not stay in or move to the area without job prospects and a higher quality of living.

Three industries were identified with the largest potential for future development: ICT and e-commerce, microtechnology, and (e)-logistics.



Technology

Technology has an ability to change and transform the economy and the public sector that is yet to be embraced.

The Brookings Institute states that two-thirds of potential productivity growth in major economies over the next decade could be related to the new digital technologies.

Despite this, technology uptake amongst SMEs is poor and we are producing a fraction of the people with technology skills we need – which is why upskilling our people is so important.

A strong tech sector must be supported, which we directly address later in this report.

But technology change and its opportunities must also be spread beyond the tech sector and those with heavy tech focus – this is a lever for the other two focus areas of the green economy and Brand Scotland, alongside other sectors.

Embedding tech in the public sector and public sector reform will create a mutually beneficial relationship – making the public sector more efficient and driving public sector excellence across Scotland while boosting innovating and investment in new technology.



Anas at East Kilbride training centre

Investment and innovation agencies

Scotland's enterprise, innovation and investment agencies comprise a cluttered landscape.

The overlapping remits and purposes of the agencies in this area mean it is confusing and difficult for Scottish businesses and international investors to navigate.

The cluttered landscape includes Scottish Enterprise, Scottish Development International, Skills Development Scotland and the Scottish National Investment Bank, among others.

Coupled with excessive regulation, growth opportunities are being lost

in the maze and businesses do not know where to turn for support. For a small country, we make it very complicated.

An effective ecosystem requires organisations and institutions that will help deliver government policy and economic growth.

We will seek to review and refine the existing agencies along functional lines for leadership and regional delivery.

Innovation, investment, and international capacities must be given clear mission and functions.

Critically, a defined operating model needs to be set out articulating respective roles and how agencies function together.

Case study Team Sweden

Team Sweden is the platform used to bring together a complex network of public organisations, agencies and companies that promote Swedish exports and investments in Sweden.

The network was set up as many Swedish companies expressed a need to clarify the support available during their internationalisation process.



With Angela Rayner at Royal Strathclyde Blindcraft Industries



Anas and Jackie Baillie at Chivas bottling facility, Dumbarton

Regulation

From an international perspective, Scotland has become a complicated and unpredictable place to do business.

From the mishandled Deposit Return Scheme to the constitutional debate, we have created an environment of uncertainty and risk at the worst possible time.

This has been compounded by the extra 'red tape' generated by the chaotic Brexit negotiated by the current UK Government.

Labour will fix the mess the UK Government has made by finding practical and achievable solutions. We will reset the relationship with our European neighbours, working to tackle unnecessary trade barriers

to help support businesses, boost jobs and create economic growth.

We will also always ensure that regulation protects workers.

And for businesses, regulation must be predictable and efficient: a swift and expected "no" is often better than a protracted and uncertain "yes".

It must be benchmarked against international competitors to ensure Scotland is competitive. In Scotland, at present, the retail-based business rates system means that small and medium-sized businesses pay exorbitant rates.

Wherever possible, regulation should be designed in conjunction with business and seek to enable overarching economic objectives

rather than imposing constraints on investment and businesses.

Scotland's slow planning system is also holding back development in our cities and rural areas.

Scotland faces a housing shortage but developers wanting to build homes face bureaucratic and lengthy planning application processes.

Scottish Labour will transform the planning system so that it is an enabler of economic growth by increasing capacity in the system to reduce timescales, considering economic growth potential in application decisions, and fast-tracking key projects that deliver on government's strategic objectives.

Powering to a green future

Scottish Labour will pioneer clean energy sources based on Scotland's proven skills and infrastructure

Scotland is ideally placed to help meet the UK's net zero ambitions, with access to abundant sources of renewable energy coupled with pre-existing assets and energy infrastructure in the North Sea.

Securing reliable access to cost effective energy has always been the foundation of a successful economy – from the age of coal in the 19th century, and oil and gas through the 20th century.

In the 21st century, access to and expertise in renewables will be a key economic advantage.

As the North Sea basin continues to mature, it is imperative those skills and assets transition to the new clean energy economy.

Renewables need that expertise, logistics, and infrastructure to install and maintain engineering offshore, making this both an imperative and a potential advantage.

But there is the risk of an investment gap as exploration and extraction decline before offshore renewables scale up.

The need to accelerate the transition to net zero is also underlined by the cost-of-living crisis.

As household bills soar and businesses fail due to utilities bills exponentially increasing fixed costs, the need to transition away from volatile fossil fuels for our heating requirements is clear.

But government's approach to date has been confused and cumbersome.

It is vital that government simplifies and streamlines decision-making and seeks ways to ensure businesses and homeowners have clear and affordable energy options.

We must have a clear pipeline of work which delivers the right skills to meet our targets, and ensure that our local distribution and infrastructure is able to scale and meet demands as we become more reliant on electricity.



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Labour has set out plans to rewire the UK as part of our clean energy mission.



EV infrastructure is critical

Energy generation

The Scottish renewable energy sector generated more than £10.1 billion of output in 2021.

But while there remains huge investment potential in Scotland, the window for investment in some areas is closing.

GB Energy, the new publicly-owned clean energy company proposed by the Labour Party, will be headquartered in Scotland and is key to our plans for securing investment, jobs and ensuring we maximise our renewable energy potential.

While the imperative to transition is there, Labour will do so in a way that avoids the mistakes made by the Conservative government in the 1980s when the UK shifted to a service economy.

The North Sea employs 80,000 people on a median wage of £45,000. This is a critical contribution to the economy which we cannot allow to disappear, but it also represents a critical skill and expertise base that can enable us to deploy and maintain offshore wind capacity.

We will not turn off the taps – we know oil and gas will play a role in the energy mix for decades to come. We must also put in place clear plans to facilitate and enable these skills to transition to clean energy, while maintaining what is globally recognised as the gold standard in offshore skills and expertise.

The North Sea has also been a source of energy start-ups and innovation. This must continue.

Aberdeen has already seen logistics, robotics, and offshore surveying companies set up and thrive, and we must ensure we have the ecosystem in place to

continue this centre of innovation in this next era of energy generation.

Coupled with the skills challenge is the need to develop the competitive supply chains, logistics, and infrastructure required to facilitate renewables deployment.

The capacity to install and maintain offshore infrastructure is vital to ensure we have a competitive renewables capacity so the transition must be managed with investment secured to maintain key assets and capabilities.

For example, our port infrastructure requires huge upgrades – it would take 50 years to realise our wind potential based on current infrastructure.

UK Labour’s plans for investment in port upgrades will ensure that Scotland has the infrastructure needed to support rapid deployment of renewables and whole supply chain benefits such as manufacture, maintenance, and decommissioning.

The planning and consenting system is also currently unfit for purpose.

Lengthy and unpredictable delays deter investment and prohibit deployment, and we struggle to extend and create connectors to allow new generation to come onstream. That is why Labour’s plans for reform and grid upgrades as so key.

Scotland is at the heart of the UK renewables sector and should play a disproportionate role in the clean energy generation future.

With Labour’s Green Prosperity Plan delivering the interventions needed, Scotland can be a leader in clean power.



Anas and Keir in Wick



Ian Murray, Pat McFadden, and Rachel Reeves at Catapult Offshore Renewable Energy, Fife



Anas, Keir, and Rachel at Siemens’ rail depot, Glasgow

Energy consumption

Driving down energy inefficiency and cost is crucial if we are to achieve net zero.

However, buildings in Scotland – both industrial and domestic – are old and poorly insulated, while the grid is unable to satisfy demand for new electric vehicles and heating systems.

Modern insulation and electrified heating systems can bring down both cost and consumption substantially.

However, retrofitting homes and businesses is both capital and labour intensive – and there is little demand at present in the Scottish economy.

This has meant that what little support has been available to homeowners and business owners from the Scottish Government has gone unused, and the funding



Case study France Rénov', France

The French government backed this renovation service in 2022.

The aim was to bring together existing benefits and advise consumers, providing free tips on cost-effective ways to boost energy efficiency, how to claim financial support, and contact professionals able to do the work.

Modern insulation and electrified heating systems can bring down cost substantially

available to employers to upskill and reskill has been cut.

Strategic government intervention is needed to provide the impetus for change.

As part of this, it is imperative for government to work with industry, colleges, and universities to provide training and upskilling, so that we have the workforce to deliver energy efficient construction.

We need government to create the demand through a pipeline of public sector projects and support for individuals to de-risk the decision to train in this speciality.

But as well as the current skills gap, there is also a lack of public understanding of what retrofitting buildings means in practice.

Providing clarity and simplicity for homeowners on technology, finance, and contractors will help create that consumer demand.

We also must prepare consumers for the scale of change required to upgrade our transmission capacity.

Electrifying our economy will likely mean many more new power lines, pylons, and substations – and government and business will need to work together to build consensus on the scale of change required.

Labour has set out plans to rewire the UK so we can deliver a clean energy system by 2030.

This will involve more strategic planning of long-term grid needs, reforms that dismantle the grid queues, and a super-tender that will ensure the UK does not miss out on the supply chain capacity need to build the grid.

Labour knows there will be a global leader in clean energy, and we are determined that with our clean energy mission, the potential in Scotland is realised.

The change Labour will deliver

Scottish Labour will:

- **Reform Scotland's planning system** so it is an asset in attracting investment by providing efficiency and certainty for developers, benchmarked against international best practice.
- **Develop a clear skills plan** with transition pathways into the green economy, while maintaining international competitiveness to safeguard the gold standard skills base in the north-east.
- **Provide clarity for business owners and households** on national retrofitting standards with clear guidance on technology, finance, and contractors, while securing Scotland's comparative advantage in new heating technologies such as hydrogen.

Working with a UK Labour Government we will:

- **Establish GB energy in Scotland**, a publicly-owned energy generation company that will drive forward the planning of the UK's energy system, support new technology, and attract global investment.
- **Upgrade the UK energy grid**, reforming the development process to clear backlogs and securing the capacity to deliver a pipeline of energy generation infrastructure.
- **Incentivise developers** through Labour's 'British Jobs Bonus' to locate new supply chain jobs in Scottish communities.
- **Invest in Scotland's ports** through UK Labour's National Wealth Fund so they are renewables-ready and competitive for supply chain projects such as manufacture, maintenance, and decommissioning.
- **Capitalise on Scotland's strategic advantages** in new technologies, such as carbon capture and storage, hydrogen and bioenergy by creating a net zero cluster at Grangemouth.

Unleash an innovation nation

Scaling up our potential, capitalising on our ingenuity and renewing our core strengths



Technology can transform our lives for the better, raise productivity, assist medical research, accelerate science to tackle the climate emergency, and deliver better public services.

Tech, in a narrow sense, has already been a major success story in Scotland in recent years, producing \$1 billion+ firms.

However, technology also has broader applications throughout the rest of the economy.

For example, companies in advanced manufacturing, space, and life sciences would not consider themselves tech companies, yet they all use technology to drive innovation and growth.

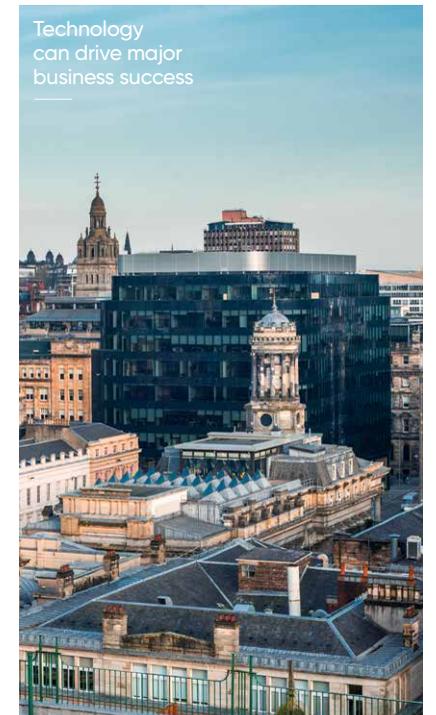
Scotland's technology strengths have their foundations in our universities. We have key research strengths in data science, video games, advanced engineering and life sciences. As a result we have a strong record in spin-outs and start-ups in these areas.

The financial services sector in particular has been transformed by technology.

This places Scotland in a strong position due to our large tech and financial services footprint, world-leading universities, and large research and development (R&D) investment potential as part of the UK.

Foreign Direct Investment (FDI) from tech firms helps create a critical mass of talent and greater skills opportunities.

Across tech, applied technology, and finance sectors, this investment is reliant on business-to-business (B2B) requiring greater focus on how to attract, retain, and repeat investment in Scotland.



Technology can drive major business success

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Scotland is in a strong position due to our large tech and financial services footprint.

Technology innovation and application

The technology sector currently contributes around £6 billion to Scotland's economy with Edinburgh now one of the UK's largest active tech hubs, and Glasgow close behind.

However, growth is being stymied by a chronic skills shortage.

Every year Scotland creates around 13,000 new digital skills jobs, yet we are only producing 5,000 new graduates to fill them.

Mark Logan, former chief operating officer of Skyscanner, produced the Scottish Technology Ecosystem Review for the Scottish Government. In his report, Logan highlighted the importance of creating a 'tipping point' in the Tech ecosystem, where it becomes self-sustaining. Some examples include:

- Developing Tech skills in Schools and Colleges.
- Retain students who graduate from Scottish universities.
- Create a concierge service for talent that wants to come to Scotland.
- Establish entrepreneurial campuses to support start-ups.

Although this is a long-term project, it brings benefits along the way. Scottish Labour supports the systemic approach proposed by Mark Logan, which focuses on talent and skills-oriented interventions that will help the Tech ecosystem reach the 'tipping point'.

On skills, we must grow every stage of the pipeline to ensure enough young people are able to pursue a career in tech.

This involves increasing the number of computer science teachers in schools and ensuring tech and business skills, such as finance and project management,

are delivered in combination to boost entrepreneurialism.

We will also drive retention and relocation of tech graduates who have left or are thinking of leaving Scotland, and ensure we are drawing maximum benefit from Scots abroad.

At present, there is a disconnect in turning start-ups into scale-ups or mature specialists due to a lack of access to capital.

Educational institutions also need support to develop spin-outs and promote them as tech incubators – building on our reputation for R&D.



Anas at Siemens' rail depot, Glasgow

Scotland can incentivise inward investment by growing our ecosystem, improving skills, and maintaining competitive advantage over London on the cost of living.

As part of the 'Brand Scotland' approach, there are opportunities for greater promotion of our nation's video game expertise.

Scotland also has extraordinary potential to further grow its space sector through technology and advanced manufacturing, including small satellite manufacturing, rocket and launch vehicle manufacturing, and both vertical and horizontal launch.

From Sutherland, where the first vertical launch capable spaceport

will be sited, to Glasgow, where more small satellites are built than any other place in Europe, this sector is a new and exciting part of Scotland's global brand.

Over time, we must expand the physical infrastructure for tech adoption and start-ups beyond Edinburgh, Glasgow, and Dundee to other Scottish cities.

That requires looking outwards, in Scotland's internationalist tradition, and learning from Silicon Valley and elsewhere so that we can promote Scotland as a tech destination.

Government's role is to reshape the business support system to funnel capital support and help firms to adopt tech to promote growth and productivity.

Government itself must also embrace digital innovation: tech must be at the heart of services and budgets, with full departmental coordination.

Scotland's public services still treat technology as a bolt-on rather than key to delivery. We lag behind Estonia and Finland where technology enables more efficient, flexible, and citizen-centred public services.

All of this will only be possible if Scotland is fully digitally connected.

While 53% of Scottish homes now have access to full fibre, this lags behind Wales (55%) and England (56%), and far behind Northern Ireland (91%).

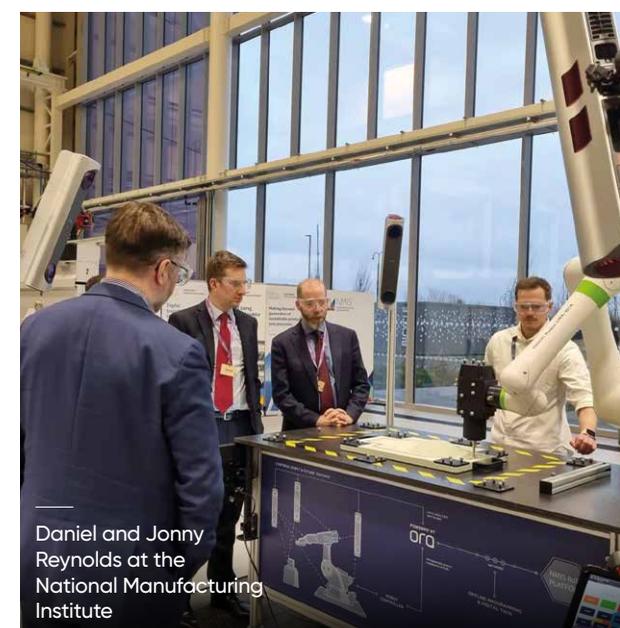
Thousands of homes and businesses in Scotland cannot access decent broadband.

We will prioritise the development of full-fibre broadband and 5G extensions, and benchmark using the number of people with gigabit connections.

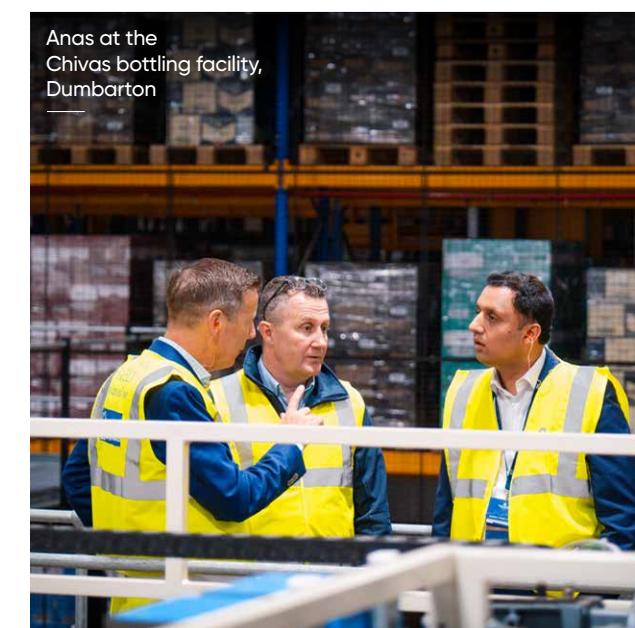
This will underpin rural small businesses' future success.



Ian Murray and Pat McFadden at Catapult Offshore Renewable Energy



Daniel and Jonny Reynolds at the National Manufacturing Institute



Anas at the Chivas bottling facility, Dumbarton

Fintech

Fintech has developed rapidly within Scotland, fostered by Scotland's strengths in technology and our financial services footprint.

There are two key strands: data analytic start-ups, and direct investment by large traditional financial services firms.

The financial services industry is being transformed through technology, with AI and data analytics moving technology from being a back office to front office function.

Scotland is a major skills and education provider in fintech, but many of tech graduates head to London, Berlin and Singapore.

We have a distinct capability in delivering fintech education, which together with quality-of-life advantages compared to London, can be capitalised on to make Scotland an attractive place for professionals to remain.

The University of Edinburgh is at the heart of this activity, at the leading edge of Scottish universities developing skills, fostering start-ups and spin-outs, and providing partnership to the sector in research and innovation.

We will prioritise Scotland becoming a European leader in fintech training and education, seizing the opportunity to gain competitive advantage by providing advanced level financial education.



Case study Fintech Farm, Finland

Initially part of the first independent start-up hub in Helsinki, Fintech Farm identified a need for something specific to connect and organise the Finnish fintech ecosystem.

It describes itself as a “digital finance innovation service provider and a fintech hub, that operates an innovation ecosystem with partners across the Nordics and globally, consisting of start-ups, corporations, other fintech hubs and authorities.”

Financial services

Scotland is the UK's most important financial hub, outside London.

Following the global financial crash, Scotland's financial services sector changed significantly.

It is dominated by large multinational firms with back and middle office tech-related jobs in analytics, online services and security.

But, despite immense challenges, the sector has remained resilient and contributes £13.6 billion or 9.2% of GVA of the Scottish economy, employing 160,000 people.

Recent years has seen the expansion of high-quality data science jobs located in Scotland, especially by Barclays and JP Morgan.

This reflects global trends within the sector away from central headquarters to regional hubs, with front, middle and back office functions driven by skill and investment context.

Scotland benefits from its close proximity to London, which is an advantage that Scottish institutions could develop further, as it offers a lower cost base and higher quality-of-life for skilled employees.

Edinburgh also has the key presence of the Financial Conduct Authority (FCA), a Bank of England agency, and other elements of the financial services regulatory system – affording it key access, which is an advantage in comparison to other regional centres in the UK.

As financial services transactions and operations become increasingly tech-focused, this footprint is a key part of these firms' differentiation and ability to do business.

We must make it easy to invest in Scotland, and we will work with the industry to promote the narrative of Scotland as a major financial centre.

Meanwhile, in the asset management sector, demographic changes and consolidation within the industry present major structural challenges and an uncertain future.

However, several back office and middle office operations are run from Scotland, with boutique asset management houses based here.

To ensure long-term stable investment opportunities, we need to focus on the people and skill requirements for asset management firms – especially at university level.

We will work with universities to develop sectoral skills plans and strategies with the aim of increasing the number of data scientists, project managers, CFAs and associated professionals.

At the same time, strong transport, communications and institutional links with London must be retained and expanded – mirroring the connection between New York and Boston.

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We must make it easy to invest in Scotland, and promote the narrative of Scotland as a major financial centre.

The change Scottish Labour will deliver

Scottish Labour will:

- **Cultivate a technology ecosystem** at every stage of the pipeline – skills, universities and business support – so that it drives growth and is self-sustaining.
- **Simplify Scotland's enterprise agency landscape** so that it is better aligned to deliver innovation, upskill workers and attract investment.
- **Embed technology across the economy** and in Scottish public services to support excellence and ensure future generations are tech and business ready.
- **Deliver the tech skills needed in the wider economy** and work with educational institutions to provide clearer focus and alignment on financial services and fintech skills.
- **Partner with business** to maximise the opportunities that flow from financial services' deep institutional links in Scotland and our geographic proximity to London.
- **Take a more strategic approach to investment**, focused on B2B investment, growing the footprint of global firms located in Scotland and providing stability to create opportunity for pensions and savings investment in vital infrastructure.

Working with a UK Labour Government we will:

- **Ensure Scotland has a voice in the immigration system**, with reforms to the Migration Advisory Committee (MAC) to ensure representation from across the UK.
- **Seek better access for professionals** as part of the UK-EU Trade Cooperation Agreement (TCA) in 2025 by strengthening mutual recognition of professional standards and qualifications.
- **Establish a Council for Economic Growth** with explicit representation from Scotland.

Maximising our global impact

How Labour plans to export Scotland to the world and unleash our full creative capacity

Scotland has the incredible advantage of possessing a highly regarded national brand.

We should be leveraging this soft power to create economic opportunities.

Scotland scores highly in global rankings, especially in the US, and possesses a strong reputation for its tourism, culture, and the quality of its produce.

We are a small country with key assets and strengths – but we have not capitalised on them.

Rather than selling Scotland to the world, the current Scottish Government administration has focused on selling Scotland to the Scots.

Rather than maximising the advantages of being small and nimble, the approach to the economy has been complicated and slow to change.

We need an economic approach that seeks to develop and implement our brand through policy and delivery.

This means hard-wiring support for these key sectors into the work of our enterprise agencies and strategies for investment.

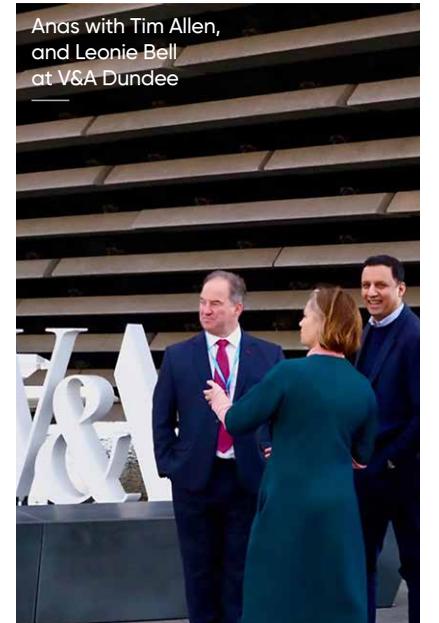
For us, Scotland's brand is more than just a marketing campaigning – it requires a recognition of the strength and depth of Scotland's cultural assets, produce, and natural environment.

Our strategy will enrich this understanding and its interconnectedness, and will adopt a whole government approach to delivery and implementation.

The theme of selling Scotland runs throughout this report – it also applies to the green economy and tech.

But for this section of the report, we focus on three specific key elements of Scotland's brand – tourism and hospitality, the creative industries, and food and drink.

Anas with Tim Allen, and Leonie Bell at V&A Dundee



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We are a small country with key assets and strengths – but we have not capitalised on them.

Tourism and hospitality

Scotland is one of the most popular tourist destinations in Europe, offering a broad range of activities encompassing culture, heritage, city breaks, breath-taking countryside, UNESCO heritage sites, islands and the coast.

The sector accounts for around 5% of GVA in the Scottish economy and one-in-12 jobs in Scotland.

But we believe that strategic partnership between government and the tourism industry can lead to substantial growth in the sector.



Thomas - stock.adobe.com

Case study Cornell Institute for Hotel Administration

Based at Cornell University in New York State, this is a specialised business school.

It provided the world's first four-year intercollegiate course devoted to hospitality management.

A high-quality hotel on campus provides the space for students to learn on the job.

There are new target markets to identify, such as engaging with the diaspora networks – particularly in North America – as well as sport and adventure tourism given Scotland's status as the home of golf and rugby sevens, alongside the global fanbase of its football clubs.

But poor infrastructure and integration can be a drag on tourism – problems with Scotland's ferries being a clear example.

We also do not attract the same visitor numbers as near neighbours in Ireland and fail to adequately leverage some of our key strengths to drive growth.

One of the keys to sustained growth will be consistent standards of excellence for visitors.

To deliver that requires a concerted effort to increase the desirability of career options in tourism and hospitality.

In this, Scotland should learn from international examples of best practice, such as in Switzerland or the specialist institute of hospitality and tourism based in Cornell University in New York.

Towns and cities in Europe have joined-up delivery of tourism offers, such as conference arrangement bureaux, integrated ticketing for transport and museums, and pre-packaged cultural itineraries based on festivals, literature and gaming – all underpinned by local bricks-and-mortar tourism information offices.

We will learn from best international practice to build a joined-up offering.

Tourism is an important sector for Scotland. By focussing on excellence, delivering better partnerships and capitalising on our global appeal, we can do so much more.



Anas and Jackie at Loch Lomond Highland Games, Balloch



Sarah Boyack at Think Circus, social circus community project, Edinburgh

Creative industries

The creative industries in Scotland have grown quickly over the last decade.

Through festivals, gaming, and design in particular, the sector is combining creativity with the latest developments in technology.

In 2019, it contributed exports valued at £4.1 billion, employing around 70,000 people.

While the global pandemic hit the creative industries hard and recovery remains slow, they are an important 'calling card' for all the elements within 'Brand Scotland'.

Cultural activity has a high return on investment, and the impact from successful Scottish film, shows, and video games can have a lasting impact.

But other countries have made greater strides.

Scotland has enormous creative potential that needs to be mobilised and released.

A major challenge the creative industries in Scotland face is getting investment in originators of content.

Creative projects are too often seen as part of the subsidy and arts council economy, rather than being drivers of economic growth and inward investment and opportunities like those created by blockbuster films and TV shows.

The contribution to Scottish cultural life is immense, providing enjoyment and imagination, and inspiring creativity.

It also has crucial spillovers with tourism and hospitality, and food and drink.

Our objective is to celebrate our cultural achievements more and help develop Scotland's creative sector ecosystem so that it moves from an industry subsidised through



Case study Northern Ireland Screen

Northern Ireland Screen was developed to treat the Northern Irish screen industry as a free-standing entity and key driver of economic growth.

In 2018 an estimated 350,000 out-of-state visitors made the decision to visit Northern Ireland, contributing over £50 million to the local economy.

This has been a launch pad for further major film and television projects such as BBC dramas Line of Duty and The Fall, and major US film productions such as The Northman and Dungeons and Dragons.

arts funding to one supported by R&D and private investment.

To help shift this mindset, government can provide the joined-up thinking, mapping out all the intermediaries and interventions available in the creative industries.

This could be transformational in the TV and film sectors, as in Northern Ireland, while we also want to compete with London and Manchester.

We will seek to develop creative clusters, similar to MediaCityUK in Salford, to develop our regional hubs of excellence, for example video games in Dundee and Edinburgh.



Ian Murray, Claire Baker,
and Keir at InchDairnie
Distillery, Fife

Food and drink

Scotland's food and drink has an international reputation for excellence.

With whisky and salmon, Scotland is home to both the UK's largest drink export and the UK's largest food export.

There are more than 40 bottles of Scotch Whisky exported every second to markets all over the world, while international sales of Scottish salmon are the equivalent of more than £1.6 million every day.

The challenge is to get other products to that level in terms of quality, volume, and synonymy with Scotland.

Scottish Labour believes that food and drink should be viewed as an economic asset – not solely as agricultural and rural policy.

That is why we would move oversight of food and drink policy into the Scottish Government's economy directorate.

Scotland is at an advantage as there is 'premiumisation' taking place in the global market – with demand for higher-quality produce, as evidenced in international demand for premium and ultra-premium Scotch whisky and 'Label Rouge' salmon.

Within this sector, there are big differences in scale – the drinks industry is dominated by large multinationals, while there are more SMEs involved in food production.

However, both face labour and capacity issues.

The capital reserves of many businesses were exhausted by Covid, high energy prices and inflation.

And for companies operating in the rural economy, there are particular challenges in recruitment and retention of staff, housing shortages and poor infrastructure. This is why there needs to be joined-up working across every department in government to drive

a coherent strategy on food and drink.

For example, improving rural infrastructure and housing is one part of how we deliver even greater success for the food and drink sector.

In line with the levers of change we have identified, a streamlined enterprise agency landscape and more efficient regulation will allow us to scale up more food and drink products and deliver sustainable growth for already-dominant products.

While export markets are key, so too is the interlinked tourism Scottish sector – we want to see greater promotion of Scotland as a premium food and drink destination, and to help Scottish-based subsidiaries to win more support.

The convening power of the state will also be key to delivering the significant growth potential in this sector.

In recent years the Scotland Office has been too focused on intergovernmental disputes – a UK Labour government will adopt a different approach.

Under Labour, the Scotland Office will be Scotland's window to the world, working with other UK departments and embassies to promote Scottish produce internationally and drive inward investment.

And a Labour government will take a different, more coherent approach to international trade, ensuring that UK trade negotiators engage meaningfully with the Scottish Government and Scottish businesses to ensure our nation thrives.



Case study Bord Bia

The Irish food and drink board was set up to promote, assist and develop Irish food and livestock.

Producers and farmers are the board's 'clients' and the board exists to support them, joining up government and industry.

Working closely with Enterprise Ireland, it has prioritised route-to-market support for client companies, sustainability programmes, consumer and market insight, industry-wide marketing services, and talent development.

The change Scottish Labour will deliver

Scottish Labour will:

- **Treat the arts and creative industries as an economic asset** with clear career paths whilst developing an ecosystem approach to promote clustering and encourage early-stage R&D investment.
- **Implement a new tourism strategy** in partnership with the tourism sector that builds cultural links with key markets including graduation, cultural, food, and sport and adventure tourism. Develop Scotland's reputation as a conference destination for business visitors through marketing, international air routes and local support services.
- **Address skills gaps** and drive excellence through clear career pathways. Work with businesses and educational institutions to create specialist training routes for those in hospitality, tourism, and food and drink.
- **Remove complexity and align priorities** so all government institutions help Scottish food and drink businesses to export, innovate, adopt technology, and make profitable B2B connections. Develop a simple gateway for foreign direct investment.

Working with a UK Labour Government we will:

- **Capitalise on Scotland's significant soft power** and promote Brand Scotland on a global stage, working with the Scotland Office, UK embassies, and wider Scottish diaspora.
- **Ensure trade strategies are informed by the needs of Scottish business.** Help UK trade negotiators work meaningfully with the Scottish Government to help promote visions for growth.
- **Push for an EU visa waiver** for UK touring artists.

Speak to us

This report is the first in a series that Scottish Labour will develop in partnership with business, listening to the needs of employers and workers across the country.

We will continue our engagement with business over the coming year with the aim of publishing follow-up papers ahead of the 2026 Scottish Parliament election, which will set out how Labour will deliver for business at a UK and Scottish level.

This is just the start of a process towards an economic growth plan for our country.

We will road test our approach in opposition before seeking the opportunity to deliver it in government.

Scotland's economy is at a turning point – we will make sure we turn the correct way, and choose a prosperous, dynamic, and green future.

Scottish Labour is determined to build a strong partnership with business so that, together, we can deliver the change that Scotland needs.

