

Debit	Service	Supply	Insurance	Refund	Income
31	89	119	56	21	146
24	53	135	89	34	356
85	42	102	51	64	436
54	76	114	53	56	286
59	89	142	23	58	431
61	93	86	46	68	524
68	102	69	56	67	54
89	108	94	95	52	57
85	104	56	75	43	4
42	97	76	46	12	4
34	56	78	38	16	
32	31	122	82	19	
<b>664</b>	<b>940</b>	<b>1193</b>	<b>710</b>	<b>510</b>	



# ECONOMIC DEVELOPMENT

Positive Action







Iain McMillan

## Positive Action Iain McMillan CBE, Director, CBI Scotland

Scotland has experienced a number of changes in recent times. The global recession and the banking crisis have both had an effect, and more recently the election of a single-party majority government in the Scottish Parliament for the first time. However, the ongoing constant is an agile and hungry business base that is both willing and able to meet these challenges head on.

We are blessed to have many world class companies who are both highly competitive and innovative and whether competing in an indigenous or global market are leaders in their fields, e.g. Weir Group, Devro, John Wood Group, Standard Life, First Group, Alliance Trust, and Cairn Energy, to name just a few. One only has to look at the area of renewables to see the cutting edge work being carried out in our country with the development of exciting products and technologies that can be utilised across the world; what is even more encouraging is that this type of highly innovative and leading edge work is being replicated across many of our sectors and our businesses.

The last few years have undoubtedly been rocky and while the economy has not fully recovered the outlook is much more positive. CBI Scotland business surveys show that business confidence is improving, and that orders, particularly export orders, are expected to continue to expand.

Business however is not afforded the luxury of certainty and all are subject to influences over which they have little or no control: for example the quality of the labour force, the level and complexity of business taxation, the clamour for new standards in employment and environmental practice, the state of our transport infrastructure, and the availability of land for expansion. As a result, the design and impact of public policy developed in Brussels, Westminster, and Holyrood can be crucial to the success of Scottish firms.

It is therefore encouraging to note that positive action is taking place in our parliaments - including at Westminster the swift and decisive action on the deficit, business tax reform, prioritising trade and investment, and the positive approach to enterprise and industrial policy.

At a Scottish level it is heartening to note that a key focus of our newly elected majority government is sustainable economic growth, which was backed with positive messages on business taxes, planning reform, capital investment and a focus on skills including literacy and numeracy. CBI Scotland is working with the new Scottish Government, and indeed all MSPs, to help deliver key policies which encourage economic growth, trade and investment, and which respond imaginatively to the fiscal challenges ahead.

However, it is important for business to remain vigilant because more can and ought to be done. There is no shortage of challenges for the business and political communities in Scotland. Working together we can grow and secure the strong Scottish economy that is needed to promote domestic and inward investment, and to support the wider social and environmental aspirations of the people of Scotland.

Scottish business must continue to make its case, and press the political leaderships at every tier of government to champion innovation and entrepreneurial activity, and to make Scotland a favoured location for businesses of all kinds.

CBI Scotland will continue to play its vital role as the voice of business and will work hard to ensure that our parliamentarians implement and focus on the key priorities for business in order to create and sustain the conditions for business to prosper.

[ positive action is taking place in our parliaments - including at Westminster the swift and decisive action on the deficit, business tax reform, prioritising trade and investment, and the positive approach to enterprise and industrial policy. ]

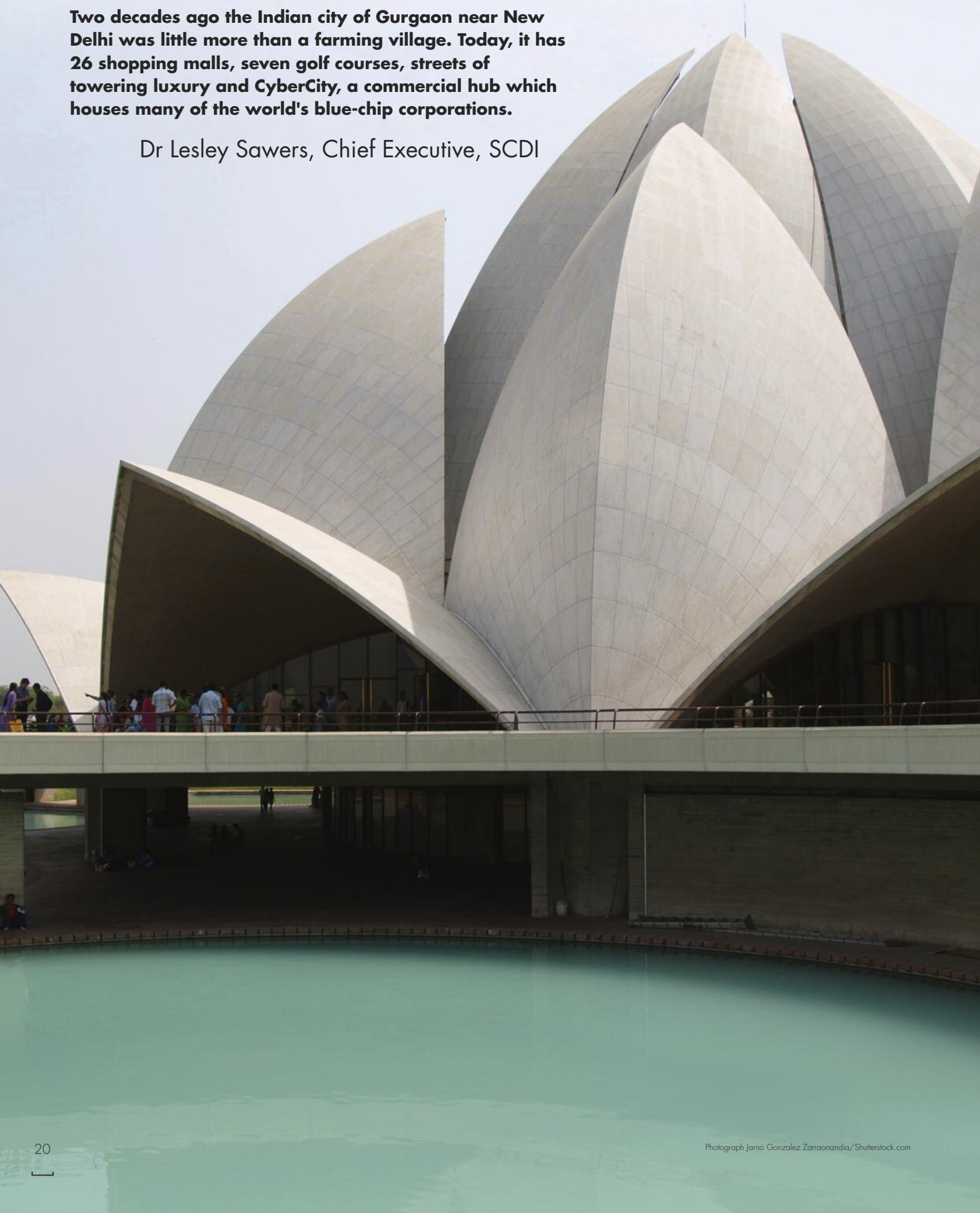


[ **CBI Scotland**  
16 Robertson Street  
Glasgow  
G2 8DS  
Tel: 0141 222 2184  
Fax: 0141 222 2187  
[www.cbi.org.uk](http://www.cbi.org.uk)

# A blueprint for international success

**Two decades ago the Indian city of Gurgaon near New Delhi was little more than a farming village. Today, it has 26 shopping malls, seven golf courses, streets of towering luxury and CyberCity, a commercial hub which houses many of the world's blue-chip corporations.**

Dr Lesley Sawers, Chief Executive, SCDI





Dr Lesley Sawers, Chief Executive, SCDI

**G**urgaon’s story illustrates the breathtaking pace and scale of growth sweeping through emerging economies across the world. New India is just one of a wealth of new environments of growth, ambition and change that offer opportunities for Scotland’s businesses, regardless of their size. We must seize the opportunities they all have to offer.

As a nation we have worldclass expertise, skills and excellence in abundance in sectors such as energy, education, financial services, premium food and drink and tourism – in all of which there is an increasing international demand.

We must build on our rich and successful heritage of international trade delivered through the centuries by enterprising Scots, not least by committing

investment to our future digital and transport infrastructure, ensuring we are a connected and competitive place from which to do business.

SCDI’s Blueprint for Scotland sets out the ambitions for a country that is outward-looking and one which measures its success in its ability to maximise its assets, potential and its people.

Against predictions of sluggish domestic growth for the foreseeable future, we need a vibrant business base which looks upwards and outwards where opportunities lie.

SCDI believes that we can double the value of Scotland’s exports in the next decade, creating more international businesses operating from here. This will require co-ordinated effort and unprecedented collaboration across public, private and third sectors – as well as a renewed ambitious and confident mindset as a nation.

What is certain is that global ambitions are achievable for our businesses of all scales, as practical levers such as SCDI’s Trade Visit programme attest. Last year, 75 Scots businesses engaged – many for the first time – with markets in India, South Africa, UAE and China.

Between them they achieved £6.9m of business – generating a highly cost-effective return of £138 for Scotland for every pound spent on SCDI’s £50,000 programme, delivered in partnership with SDI and UKTI.

Just one example of SCDI’s trade visit success is Apex Sports International, a Dundee-based golf tourism business with just three staff. Established last year, the firm took part in our trade visit to China,

achieving an estimated £608,000 of businesses for the next year.

Managing Director Stuart French, said: “The fact you are part of a trade mission is always recognised by the Chinese as a vital factor and adds credibility to your meetings.

“Also, because I am setting up a new business relationship with two Chinese partners, being able to access support to go to China has been very important.”

This is just one insight of the potential in markets which are the economic success stories of the early 21st century; all with significant GDP growth expectations far outstripping the UK’s.

How much more business success could we achieve if we fully maximised the connecting power not just of the world-leading Scottish companies already trading overseas – Clyde Blowers Capital, Wood Group PSN and Diageo to name just a few – but also of the thousands of Scots living and working internationally, together creating a virtual trade centre network for Scotland?

The stakes are high and the pace of change is accelerating. In a fiercely competitive operating environment, it is up to Scotland to create its international opportunities.

The potential that lies in new cities such as Gurgaon and new economies is not just in printed statistics and economic data – it’s there for Scotland’s businesses to experience, engage and succeed.

[ As a nation we have worldclass expertise, skills and excellence in abundance in sectors such as energy, education, financial services, premium food and drink and tourism – in all of which there is an increasing international demand. ]



Scottish Council for  
Development and Industry

[ **SCDI**  
West of Scotland Office  
Campsie House  
17 Park Circus Place  
Glasgow G3 6AH  
Tel: 0141 332 9119  
Email: enquiries@scdi.org.uk  
[www.scdi.org.uk](http://www.scdi.org.uk)





Owen Kelly, Chief Executive, Scottish Financial Enterprise

## Scotland's Financial Sector Remains Strong

### Owen Kelly, Chief Executive, Scottish Financial Enterprise

The financial services industry has been an important contributor to Scotland's economy for hundreds of years and remains one of the country's biggest industries. Notwithstanding the financial crisis and continued volatility of the world economy, Scotland continues to succeed as a global financial services centre, with Edinburgh second only to London in the UK as a full service financial centre.

Scotland's strength owes much to our diversity, with banking, asset management, asset servicing, pensions and insurance all being substantial sectors of the financial services industry. In sectors such as asset management, business has been buoyant and according to our most recent survey of our members, Scotland now has about £750bn of assets under management. This is a record figure and it demonstrates how good business is being done, despite continuing market and regulatory uncertainty.

Asset servicing, which includes custody, investment administration, fund accounting and other aspects of managing and overseeing the investment process, is an increasingly busy sector of Scotland's banking industry. Scotland is the leading

centre for asset servicing in the UK and probably the third largest in Europe. In the past year or so we have seen substantial growth by Barclays Wealth in Glasgow and Blackrock in Edinburgh.

The increased role of EU authorities in regulating our industry means we must engage with more positive, measured contributions to EU policy making. Indeed our life and pensions sector is already adapting to take advantage of competitive opportunities emerging from the Retail Distribution Review and from EU regulatory change.

Recovery plans are in place at the banks in Scotland most affected by the financial crisis and all the signs are that the taxpayer's support will be repaid at a profit. We are also seeing new entrants

to the market, like Tesco Bank and Virgin Money, choosing Edinburgh for their headquarters.

Our location and infrastructure are also important. Our close ties with the City of London bring mutual benefits – having the world number one financial centre within a few hours reach is hugely attractive to leading industry players.

The continued success of our financial services industry serves the whole of Scotland and contributes much to the prosperity of its people. The industry looks outwards to market opportunities around the world, where our enduring competitive advantages, namely skills, a long-term approach to investing and a strong tradition of excellence in professional services, can flourish.

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**Scottish Financial Enterprise**  
24 Melville Street  
Edinburgh EH3 7NS  
Tel: 0131 247 7700  
Fax: 0131 247 7709  
Email: [info@sfe.org.uk](mailto:info@sfe.org.uk)  
[www.sfe.org.uk](http://www.sfe.org.uk)



[ Opportunities Fife and its five stage Employability Pathway benefit those looking for employment or to access further education. Stages one, two and three, focus on early engagement barriers, such as skills gaps that, with training, enables the individual to gain employer engagement. Stages four and five focus on employment after care, by building on skills within the workplace and therefore providing close connections throughout the process. ]

# Opportunities knock in Fife

**Opportunities Fife shows that a partnership approach is key in tackling skills gaps and unemployment.**

**A**n initiative of the Fife Economy Partnership, Opportunities Fife works with the public and private sectors by supporting businesses to ensure staff have a comprehensive skills set in order to drive companies forward into the future. It also helps target funds so that individuals can gain the appropriate training to help them secure and sustain employment. Opportunities Fife receives support from the European Social Fund.

Lucinda McAllister, Service Manager in Employability & Skills for Opportunities Fife, said: "The main starting point for Opportunities Fife was about supporting businesses, and looking at the resources that they have, including specialist knowledge, as well as physical premises and budgets, and then bringing these together by supporting and understanding the local market."

"We wanted to make it easy for the employer," Ms. McAllister continued, "in that we could perform as a 'one-stop-shop' in relation to identifying the skills that were needed within a business, and how these skills could then be developed. Lots of agencies can offer singular pieces of advice, but people who are running a company often don't have the time to be sourcing multi-strand information, from a selection of advisors. By contacting Opportunities Fife either through the website or via the telephone line, we are able to ascertain the requirements of the employer, and then go away and work out the solutions for them."

Kirkcaldy-based MGt plc, the largest provider of outsource contact centre services in Fife, supplying a wide range of contact centre, technology and payment solutions to its media-focused clients, is one company that can lay witness to the excellent support Opportunities Fife offers. Moira Brown, director of Human Resources for MGt plc, said: "Opportunities Fife gives us access to a single point of contact, which holds all the support and information we need. Being able to enquire about a range of support services allows us to quickly establish the best way forward in meeting our objectives. Through this one-stop-shop approach, we are able to deliver effective, efficient and dynamic responses to the opportunities that are presented to us. We are delighted to be supporting this innovative new project, and feel it will benefit many employers in the Fife area."

Opportunities Fife also offers strong partnership approaches to new businesses coming into the area, such as Amazon. Ms McAllister said: "Our link-up with Amazon meant that we were able to acquire appropriate premises for them. Whether the business may be a multi-national, or a start-up, everyone's needs are different. By having the resources and infrastructure to meet all and any of the requirements a business may ask of us we save them an incredible amount of time and effort."

A recent example of this 'can-do' attitude was introductory courses delivered by Opportunities Fife for those in the

renewable energy sectors – removing the headache of where to start on what, for some, could seem to be an insurmountable mountain of unfamiliar skills and knowledge bases. The streamlined approach that Opportunities Fife offers provide employers with a cohesive package of support, meaning that training is targeted to specific goals by developing a skill base for the benefit of the employer, the individual and the economy.

Opportunities Fife and its five stage Employability Pathway benefit those looking for employment or to access further education. Stages one, two and three, focus on early engagement barriers, such as skills gaps that with training, enables the individual to gain employer engagement. Stages four and five focus on employment after care, by building on skills within the workplace and therefore providing close connections throughout the process.

"We are early crusaders with this type of project, and it is ever challenging," said Ms McAllister. "It hasn't been done in this form before and, now that we are looking to roll out this model across Scotland, our strong infrastructure will continue enabling a shared benchmark of knowledge throughout the marketplace. Changes in policy and funding mean that we will maintain our philosophy of thinking outside of the proverbial box, so that businesses and individuals can come on board at any point, and maintain a relationship of support whether an employer, or future employee."

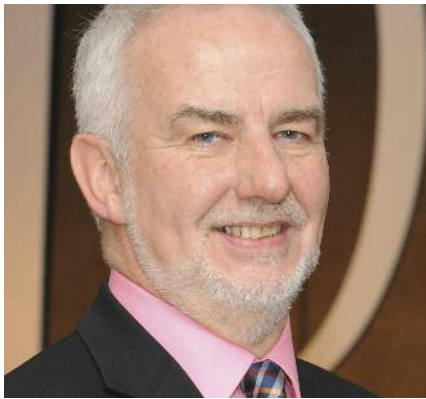


**Opportunities Fife**

Tel: 0844 855 2280

[www.opportunitiesfife.org.uk](http://www.opportunitiesfife.org.uk)





David C Watt, Executive Director, Institute of Directors, Scotland

## Continue Forwards

### David C Watt, Executive Director, Institute of Directors, Scotland

Despite economic conditions that remain challenging, Scotland is continuing to move forward.

So far, 2011 is proving to be yet another challenging year for Scotland's economy. This, of course, was expected and means that more than ever, our hard working businesses have to show drive and innovation as well as strong leadership to survive and prosper.

Although there are continuing signs of recovery, such as unemployment falling between February and April (the seventh consecutive reported decrease), overall, economic growth remains sluggish. The latest economic report by the influential Fraser of Allander Institute even downgrading its previous, moderate growth forecast for 2011 from one to 0.8 per cent.

There are however, grounds for optimism. Despite an on-going squeeze of the public sector across Scotland and beyond, a number of areas are growing through the recession which are capable of soaking up some of the employment

and skills released by reductions elsewhere. Renewable and other aspects of energy is one, as is the re-focused tourism industry, along with the re-energised manufacturing sector, which has recovered well over the last year. Add life-sciences, technology, specialised financial services and business services provision and we have a solid base for Scotland to compete globally.

Confidence is also growing in terms of inward investment, with recent examples such as global HR firm Ceridian opening its new UK headquarters in Renfrew resulting in 300 new jobs, and The Bank of New York Mellon Corporation (BNY Mellon) expanding its Scottish workforce to 650 with the creation of 60 new posts in Edinburgh. The recent investment by global power company Alstom in Inverness marine energy developer AWS Ocean Energy is also another indication of Scotland being a place in which people want to do business.

Politically, 2011 has also been an important year, with the landslide return of the SNP government in May and the on-going ramifications of the updated Scotland Bill. As before, the IoD will continue to work constructively with both the Holyrood and Westminster administrations to provide the best environment for business to thrive.

Broadly, the picture at present is one of cautious optimism. Continued strong leadership – both corporate and political – aligned with an acceptance of the economic realities we face and moreover, a commitment to work collaboratively to address them, is now required more than ever. Get that right and we take a giant step towards full recovery and renewed prosperity.

[ Broadly, the picture at present is one of cautious optimism. Continued strong leadership – both corporate and political – aligned with an acceptance of the economic realities we face and moreover, a commitment to work collaboratively to address them, is now required more than ever." ]



**IOD Scotland**  
 29 Abercromby Place  
 Edinburgh EH3 6QE  
 Tel: 0131 557 5488  
 Fax: 0131 557 5818  
 Email: [iod.scotland@iod.com](mailto:iod.scotland@iod.com)  
[www.iodscotland.com](http://www.iodscotland.com)