

## DRAFT BUDGET 2014-15

### SUBMISSION FROM SCOTTISH ENTERPRISE

#### Introduction

We are pleased to submit written evidence on our budget proposals for 2014/15 to the Economy, Energy and Tourism Committee.

In our submission we will address the issues raised by the Committee in the Call for Evidence as well as setting out the strategic context and focus of our Business Plan and programme for 2014/15.

Since 2011 we have maintained a consistent focus on five key priority areas. This has ensured that we allocate resources where our evidence tells us we will have the greatest impact on the economy. These five priorities continue to guide our response to the economic challenges and opportunities that we face:

- Renewable Energy
- Growth Companies
- Innovation
- International Trade and Investment
- Low Carbon

Recent signs indicate that confidence and growth is returning to many economies. Scotland's recovery is picking up; the economy has grown for four consecutive quarters, employment rates are rising (to 72.4% in the three months May-July 2013, an increase of 1.1% compared with the same period last year) and unemployment is falling (to 7.4% in September 2013, a decrease of 0.8% on the same period last year)<sup>1</sup>. There are encouraging signs in many sectors of the economy, for example the most recent quarterly review from Scottish Engineering<sup>2</sup> reports increased employment and improved output figures.

There is, however, continued risk from weak growth in the Euro area, which accounts for more than a third of Scottish exports, and the constraining influence of ongoing adjustments in the domestic economy, particularly the household and financial sectors. Also, although Scotland's productivity now matches that of the UK, it still lags the performance of a number of other competitor countries.

In response to these conditions and continuing challenges, we are maintaining a strong focus on growth, which is the central theme of our plan for 2014/15, seeking to stimulate the investment and action that will strengthen Scotland's economic recovery.

In the last financial year we delivered **significant results**, which included:

- Account managed companies growing their turnover by **£1 billion**.
- We worked with **2096 companies** to develop their international business (more than 50% greater than 2011/12); including helping companies with high

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<sup>1</sup> Scottish Government labour market statistics

<sup>2</sup> Scottish Engineering September 2013 Quarterly Review

value projects expected to generate additional export sales of **£818 million** over the next three years.

- Delivery of **£43.3 million** in Regional Selective Assistance (RSA) grants, half of which was awarded to SMEs, creating or safeguarding **4766 jobs**.

In all we do, we seek, in collaboration with our partners, to deliver economic impact and build a supportive business environment. This will contribute to the delivery of the Scottish Government's Economic Strategy (GES) vision of a Scotland that has a strong, internationally competitive, business base with a positive attitude towards investment for growth and an outlook that is both innovative and entrepreneurial.

### **Supporting companies to grow and create employment**

The employment market is improving but remains below pre-recession levels. Evidence accumulated over the last few years has demonstrated that the majority of new jobs are created by a relatively small number of high growth companies. Cumulative research shows that companies are more likely to be growing if they are globally oriented, innovative, customer focused, and have a strong, effective management team.

Our work with ambitious companies with growth potential is at the heart of what we do and we provide support to over 10,000 companies each year to help them meet their growth ambitions. We do this in a variety of ways, including, for example, support to help them **boost productivity, access finance, improve leadership skills, invest in innovation, diversify and increase exports**.

To ensure that companies can access the right support from the right provider at the right time, we work in close collaboration with **Business Gateway**, led by our Local Authority partners, to provide an integrated service. We operate a shared customer contact service, through the Business Portal for Scotland website and a contact centre.

For those companies with the greatest growth potential, we provide an intensive support service through account management. We aim to increase the number of companies we support in this way by up to 20% over the 2012-15 period, and saw an increase in 2012/13 from 2035 to 2115.

In supporting account managed companies, we have a direct opportunity to encourage companies to consider recruitment and employment as part of their growth plans. From the evaluation of account management<sup>3</sup> we know that our support for these companies is making a strong contribution to job creation with over 15,000 jobs created or safeguarded over the period from 2008/9 to 2011/12.

The same evaluation concludes that the service is both appreciated by the companies involved and beneficial to the economy, generating £5.30 of GVA for every £1 spent on account management support. This was a significant improvement on the last evaluation (2009), which surveyed companies operating in economic conditions far more conducive to growth, demonstrating that our robust evidence based approach to improving our services has been successful.

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<sup>3</sup> Evaluation of SE Engagement with Account Management companies (2013)

As with the previous evaluation, we will take the lessons from this study and use them to strengthen and improve our services to business.

Youth employment has been particularly affected by the current economic conditions. Although it has improved recently, the Scottish youth employment rate currently (May-July 2013) stands at 21.6%<sup>4</sup>, it is still above its pre-recession level. As noted above, it is growing companies that generate the majority of new jobs and it is encouraging that in a survey of account managed companies conducted in the first quarter of this year 56% had recruited someone under 25 in the last 6 months, 27% had recruited a recent graduate, and 19% had participated in an apprenticeship scheme<sup>5</sup>.

Account managed companies feature strongly in the employment of apprentices. Account managed companies account for just under half of the top 50 Modern Apprenticeship employers, employing a total of 1899 apprentices.

ScotGrad, the recently re-launched graduate placement programme, helps companies to access skilled graduates to deliver specific projects lasting up to a year. From inception in October 2010 to June 2013, it delivered 551 graduate placements, of which 86% have successfully gone into graduate level jobs after the end of their placement. ScotGrad, delivered by SE and HIE in conjunction with other partners, is expected to deliver between 630 and 720 placements over 3 years.

Through our own recruitment, we currently have 19 apprentices and 10 graduate trainees.

### **Supporting access to finance**

Access to finance remains a pressing concern for economic growth. The future availability of credit is crucial to allow Scottish companies to take advantage of emerging opportunities as the economy recovers.

Difficulties in accessing credit is particularly felt by SMEs with growth and export potential, and recent evidence from a survey of our account managed companies suggest that challenges remain. Of those companies who had sought finance earlier this year, 63% obtained all the funding they required and 13% received no funding at all. The reasons for those not obtaining finance include a need for better quality propositions.

In response to this challenge we have put in place a range of initiatives across a number of fronts to help businesses including:

- A focus on “financial readiness”, helping firms to build stronger propositions and maximise their chance of obtaining funding. In 2012/13 we provided this kind of support to 460 Scottish companies. These companies have, to date, raised c.£53 million to finance their growth ambitions;

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<sup>4</sup> ONS labour market statistics

<sup>5</sup> Scottish Enterprise Quarterly Account Management survey, April to June 2013, survey sample of 206 companies

- This year (2013/14) we are expanding our team of financial readiness specialists to 10 professionals;
- Beyond bank lending we will seek to maximise the use of the Scottish Investment Bank's (SIB) suite of funds - Scottish Seed Fund (SSF), Scottish Co-investment Fund (SCF), Scottish Venture Fund (SVF), and Scottish Loan Fund (SLF). These funds have played a key role in releasing investment funding into business. In 2012/13 SIB funds invested £32.3 million in 106 companies, attracting additional investment of £60.4 million from the private sector.

These areas will continue to be our focus going into 2014.

### **International trade and investment**

International markets are vital to Scotland's future economic success. Scottish Development International (SDI) leads our efforts to ensure that Scottish companies and sectors benefit from the substantial opportunities that global markets present.

This is an important contribution to Scotland's international trade and investment strategy and the realisation of the ambitious target of raising Scotland's exports by 50% by 2017. The latest Global Connections survey<sup>6</sup> shows annual growth of 7%, in line with this target.

To meet the target will require a clear focus on sectors with the greatest international growth potential, such as oil and gas and food and drink, and a continued drive to increase penetration of growth markets. Reflecting this, we have increased our presence in key overseas markets including recently opening new offices in Brazil, China and India.

For example, our new office in Shenzhen has, in its first year, hosted three trade delegations, including one on Food and Drink, and facilitated an MOU between Edinburgh City Council and Shenzhen on creative industries.

We are intensifying our activities in those sectors with the greatest export potential and we are increasing the capacity of our companies to export – increasing the number of exporters as well as increasing export value.

Exporting is a key route to growth for companies across all sectors and we need to develop the skills base, identify and create exporting solutions and increase the number of companies exporting. The Smart Exporter programme provides companies with the tools and skills to help them take the first steps. Since its launch in 2010 there have been over 4,100 participants on the programme.

A good example of a Scottish exporting sector that is successfully expanding into new markets is the Oil and Gas supply chain which exports nearly half of its output to more than 100 countries generating sales worth £8.2 billion in 2011/12, an increase of 8.4% on the previous year. Brazil has been identified as a key export target for Scotland's Oil and Gas sector and, as noted above, we have opened an office in Rio de Janeiro to service this growing demand. Earlier this year, SDI and partners took

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<sup>6</sup> Global Connections Survey 2011

27 Scottish companies, such as Online Valves, to Brazil as part of a trade mission, which resulted in a predicted additional £17m worth of trade with Brazil over the next three years among all the companies concerned.

Scotland has been ranked in the top 2 locations within the UK in three of the past five years for employment generated by foreign direct investment, which is a testament to the focused and concerted effort of SDI and its partners to promote Scotland and compete strongly. Scotland has maintained its position as the 2<sup>nd</sup> in the UK for attracting investment projects (behind the South East which includes London). These rankings become even more impressive when you consider the fiercely competitive global market in which we have been operating in recent times.

Having an exporting mindset within a company brings wider performance benefits. Numerous studies have shown that companies who move into exporting tend to become more innovative, more productive and invest more in research and development. This means that supporting companies to take their first steps into exporting can make a real and direct contribution to overall growth.

Our focus, going into 2014, will be to ensure that we embed an international outlook into everything we do – innovation support focused on new products for new markets; international e-commerce; and working with partners to ensure an internationally competitive business environment.

### **Innovation**

Innovation within companies and the commercialisation of academic research are key drivers of productivity and competitiveness. The close partnership between Scottish Enterprise, Highlands and Islands Enterprise, the Scottish Funding Council, and universities is vital in ensuring an integrated approach.

Scotland's academic research is world class and Scotland's universities are a vital part of our economy. A recent study by Universities Scotland<sup>7</sup> showed that they are worth nearly £7 billion in GVA each year to the economy. The same study also shows that Scotland's strength in this sector is a significant factor in inward investment.

Recent evidence<sup>8</sup> shows that Scotland has been performing well in the creation of new companies to commercialise technology, with two Scottish universities in the top 5 in the UK for number of spin outs generated and Scotland being responsible for 28% of all spin outs in the UK (up from 19% ten years ago).

Improving the commercialisation of this research further, either through growing spin-outs to scale or through partnerships with companies, will lead to enhanced economic impact.

Our contribution to this is to work closely with universities to build a deep understanding of customer and market engagement and to source and engage globally experienced management talent. A key part of this is our support for the

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<sup>7</sup> Grow Export Attract Support, Universities Scotland

<sup>8</sup> Spin Outs UK analysis, August 2013

SFC-led Innovation Centres, which will drive ever closer partnership between business and academia in areas of rapidly expanding market opportunity. The first three Innovation Centres are:

- **Stratified Medicine:** This Centre aims to help the future diagnosis and treatment of chronic disease, such as cancer, stroke, diabetes, rheumatoid arthritis and cardiovascular diseases, through tailored treatment.
- **Sensors and Imaging Systems:** This Centre aims to accelerate the transfer of this technology, which underpins many of Scotland's engineering and industrial sectors, from science to industry and bring new products to market.
- **Digital Health:** This Centre will develop technology-based solutions to help health and care staff meet demographic changes such as the ageing population using medical design, informatics and business knowledge.

We will continue to support these, and emerging Innovation Centres, going into 2014 and beyond.

We continue to see a significant demand for R&D and innovation support from companies, supporting 144 projects last year through the R&D and SMART programmes contributing to a BERD of £58 million, which represents 10% of the total BERD for Scotland. The scope of SE's support for this area has widened considerably in recent years.

Beyond financial support, in the last year we have, through our innovation support service, provided guidance and advice to 1500 companies and assisted 425 companies in developing a new product, service, or business process which is expected to generate a combined increased turnover of £103 million.

### **Renewables**

Scotland has a significant opportunity from the offshore wind, wave and tidal resource around its coastline. There is considerable potential, in the long term, for Scotland to become a global player in this market and we are already seeing some promising developments towards this, for example SgurrEnergy winning the contract to provide advice and support to the first offshore wind farm in Guangdong Province, China.

Securing inward investment in this sector remains a key priority. Four offshore wind turbine manufacturers have already publicly announced their intention to establish manufacturing operations in Scotland and we will continue to focus on building Scotland's capability in wave and tidal energy devices, offshore wind turbines, blades, towers, substructures and cables through identifying gaps in the renewables supply chain, and attracting relevant companies to invest in Scotland.

Across Scotland, ports are seeing the potential of additional business revenues through renewable energy related activity and with this a need for expansion and improvement. A number of port infrastructure investment projects are also being developed with National Renewables Infrastructure Fund (NRIF) funds.

Our industry engagement building, Inovo, in Glasgow's International Technology and Renewable Energy Zone (ITREZ) will offer Grade A office accommodation to

renewable sector companies looking to collaborate with the University of Strathclyde and key industrial partners on innovations that can drive down costs helping Scotland maximise opportunities in renewable energy and enabling technology sectors.

In addition to this infrastructure investment, we continue to develop and implement an integrated suite of support to offshore wind inward investors to anchor turbine manufacture in Scotland and develop the indigenous supply chain. This now includes:

- **POWERS:** A 5 year project to support prototype development of next generation offshore wind. The first POWERS award was approved in December 2012 for Samsung Heavy Industries (SHI), a grant of £6.1 million to support their plans to install a near shore prototype at Fife Energy Park. Installation due to be complete by early 2014.
- SIFT (Scottish Innovative Foundation Technologies Fund) - a £15 million fund from SE, HIE and SG to support the design, manufacture and testing of innovative foundation prototypes for offshore wind turbines suitable for deeper water. We expect to issue contracts to the successful first call applicants in late 2013 and run a second call to the fund in 2014.

The wave and tidal sector continues to make progress. The European Marine Energy Centre (EMEC) is celebrating its 10th anniversary with all its berths occupied, the state-of-the-art FloWave Test Tank in Edinburgh, which we have supported, will launch later this year, and the recently launched Scottish Government Marine Renewables Commercialisation Fund, focused on the wave sector.

Access to sufficient finance remains critical to the successful realisation of the full potential of this sector and funds such as NRIF and the £103 million Renewable Energy Investment Fund (REIF) will be vital in unlocking private sector investment and accelerating development. To date, just under £4.5 million has been invested by REIF in 3 Community owned renewable projects, including Gigha Green Power Limited, and 2 Marine projects. These deals include commitments to future tranches, taking REIF total commitments to £6.4m; it is envisaged that this REIF commitment will, over time, unlock projects with funding packages totalling £28.6 million.

### **Transition to a low carbon economy**

Scotland has a profile as a world leader in low carbon energy generation technology. Energy supply is however, only one of the ways in which we can ensure that our economic growth is truly sustainable. On the demand side there is a significant market opportunity for low carbon products, technology, and processes to help companies better manage their use of energy, water, and natural resources, and their disposal of waste.

While many of these opportunities lie in the construction and timber sectors, both in the new build and retrofit markets, there are increasing opportunities in other sectors. For example, we recently published the industry guide, *Life Sciences – Low Carbon Opportunities in Scotland*, outlining the many opportunities for life sciences companies to benefit from the low carbon market, in fields such as bio-fuels, telemedicine, and industrial biotechnology. We will continue to identify potential markets in other sectors.

Efficient management and reduction of energy, water and raw materials, makes good business sense as it both saves bottom-line costs and boosts productivity and competitiveness. Achieving genuine sustainable economic growth implies much more far-reaching change involving a move to a more “circular economy” where resources and waste can be fed back into the business cycle rather than permanently flowing out of it.

### **Procurement**

We are committed to getting the most economic value from our expenditure as possible and we have been developing our procurement approach to seek to secure recruitment, training and small business development benefits from our investment in infrastructure.

We are using Community Benefit Clauses (CBCs) in our tender processes to incentivise contractors to consider a range of positive actions around recruitment, training, work experience, engaging with future workforce (eg at school) and greater access to supply chain opportunities for SMEs and social enterprises. CBCs are built into all significant new infrastructure investment contracts, working alongside delivery partners and supported by employability providers where appropriate. For example, partnering with University of Strathclyde and Jobs and Business Glasgow (JBG) on delivering Community Benefit Clauses on the construction work at ITREZ - 41 recruits, 20 apprentices and 32 people getting work experience.

### **Cities and city regions**

Cities and city regions play a central role in delivering economic growth. We are contributing to the agenda for cities through:

- working in partnership with Scotland’s cities and their regions to help them maximise their contribution to Scotland’s sustainable economic growth, through direct investment in growth companies, growth sectors – eg ITREZ in Glasgow, Edinburgh BioQuarter, Energetica in Aberdeen – and in the environment to help secure city growth – eg Dundee Central Waterfront
- Supporting the Scottish Cities Alliance in boosting investment, jobs and growth, through our role as part of the Cities Investment Network.
- Helping the Scottish Cities Knowledge Centre (SCKC) build greater understanding and insights on how Scotland’s city regions can further boost Scotland’s international competitiveness. We are on the Advisory Board of the academic-led SCKC.

While city regions are vital to the economy, it must be noted that rural areas are vital to several of Scotland’s most important sectors, e.g. food and drink, tourism, and renewable energy. Our work in these areas is, as it is with cities, focused on the key areas of growth potential. Around 20% of our account management portfolio is in rural areas and we have supported projects of national relevance to growth sectors, such as the mountain biking opportunity at the 7stanes.

In addition we run a number of initiatives that are geared specifically to the needs and opportunities of rural Scotland, for example the rural leadership programme, national biofuels project, and the rural petrol station grant scheme.



## **Collaboration**

Collaboration and partnership with both the public and private sector is critical in ensuring that we get the maximum economic impact from our expenditure. This is conducted at the strategic level, through the strategic forum, the sector level, through Industry Leadership Groups, and at individual project or programme level, examples of which are included throughout this submission, which serves to highlight how much it defines our operations.

This approach is integral to our work in infrastructure investment. For example, the Dundee Waterfront project where SE and partners, most especially Dundee City Council, are working to deliver infrastructure improvements to create a new central business district for Dundee. Developments include the V&A at Dundee, two new hotels over the next two years (including Dundee's first five star hotel), and both residential and business space. It is estimated that the waterfront could support up to 9000 jobs.

Internationally, the **GlobalScot** community of around 630 senior business people proactively supports businesses through, for example, market advice and introductions through to much deeper levels of engagement such as advisory roles on industry bodies and non executive roles within Scotland's most ambitious companies.

At a regional level we work closely with local authorities on a range of projects, meet regularly with their economic development teams to share economic intelligence and strategic plans, and play an active part in Community Planning Partnerships. SE's Chief Executive is also playing an active role on the National Community Planning Group, the purpose of which is to provide strategic leadership to community planning reform, consider opportunities and challenges, and find an appropriate balance between local and national priorities. There are five Regional Advisory Boards (RABs) which are composed of private and public representatives. They ensure industry alignment, provide strategic direction, and advise on the prioritisation of resources.

This 'Team Scotland' approach ensures we make the biggest difference to the competitiveness of Scotland with the resources we have available. A great example of Team Scotland in action is the approach taken to the opportunities coming in 2014 from the Commonwealth Games and Ryder Cup.

This approach brings together the public sector to deliver a programme of activities that will maximise the economic impact of these events to Scotland. SE will continue contributing to this through building the capacity of Scottish companies to help them benefit from the market opportunities in the long term, enhance the global reputation of Scotland's key sector competitiveness, and identify and exploit specific market opportunities before, during and after the events to maximise the business benefit.

## **Impact assessment and national performance framework**

We make every effort to quantify the difference that we make and the value we bring to Scotland's economic prosperity. Ultimately, through contributing to increased business revenues, employment, and productivity and reduced business costs and CO<sub>2</sub> emissions, we contribute directly to the Scottish Government's purpose targets

of increased **sustainable economic growth, improved productivity, and increased participation**. We also play a supporting role in the purpose targets of improved solidarity, cohesion, and sustainability.

We are currently working with HIE and SG to better assess the contribution that the enterprise agencies make to the the following NPF indicators – GVA/GDP Growth; participation; productivity; exports; and R&D Spending.

SE runs a continuous programme of independently conducted evaluations to expand our evidence base and ensure that we are delivering the right support to the right companies. This enables us to ensure that we get the maximum impact from our expenditure. In addition to the Account Management evaluation referenced above, recent reports include the economic impact of the SE Seed Fund and an interim evaluation of the Offshore Wind Future Development (supply chain) Programme.

We publish all evaluation reports on the Evaluations Online website<sup>9</sup>.

Our assessment, shows that current investment proposals for 2013/14 to 15/16 would lead to a cumulative impact of between £6 billion and £9 billion of net additional GVA for the Scottish economy over the next 10 years, an investment ratio on total spend of between 6 and 8 to 1. This investment will also contribute significantly to job creation, with analysis projecting 12,000 to 18,000 additional jobs by 2017.

### **Equalities**

We are committed to equal opportunities, both as an employer and in the services we provide. Our first biennial report on Equality<sup>10</sup> sets out both a clear agenda to guide our approach to equality over the next few years and highlights the progress we have made so far in embedding equality across our work. For example, the proportion of businesses accessing our services for the first time which are stated to be female owned has risen from 26% to 35% between 2010 and 2012.

Evidence shows that the benefits to business from embracing the equality agenda can be significant and include higher staff retention and motivation, improved creativity and innovation, improved marketing and brand awareness, and increased employer image.

Recognising that differences in income, participation and growth across Scotland impede economic performance and potential, and that this is exacerbated by the current low growth in the economy, we invest in activity and provide support which improves regional equity where it also increases our ability to significantly enhance Scotland's sustainable economic growth, productivity and participation.

### **2014/15 budget**

Tables 1 and 2 below show a comparison of our 2013/14 Published Plan and our Current Income Projections and Draft Expenditure for 2014/15.

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<sup>9</sup> <http://www.evaluationsonline.org.uk/evaluations/Index.do>

<sup>10</sup> <http://www.scottish-enterprise.com/resources/reports/equal-opportunities-biennial-report-and-strategy-2013.aspx>

The 2014/15 Income Projections reflect the Draft Budget 2014/15 figures announced by the Scottish Government on 11 September 2013. These show a reduction in our Grant-in-Aid baseline of £11 million and an increase in our expected contribution to the Strategic Forum Savings of £6.5 million. When taken with initial expected changes to our other income sources we forecast that we will need to raise an additional £26.3 million from further asset realisations to maintain our previously planned expenditure level of £336.7 million. In the current climate this will be very challenging, however we will maximise this source of income before we consider any reduction in our expenditure plans.

The Capital DEL element of our Grant-in-Aid income for 2014/15 is £35.9 million. When other capital income is taken into account, we anticipate transferring around £33 million next year to maintain our overall level of capital expenditure at around £149 million.

Our 2014/15 Draft Expenditure figures have been re-profiled to recognise the slower than anticipated spend of public funds in support of the renewable energy sector, as outlined in the Scottish Government's Draft Budget statement.

### Conclusion

We trust this submission has been of use to the Committee in its deliberations and we look forward to discussing these important areas at our forthcoming session on 30 September 2013.

**Table 1 – 2013/14 Published Plan v 2014/15 Current Income Projections**

	2013/14 Published Plan	2014/15 Draft Budget	Change	Change	Explanatory Notes
	£m	£m	£m	%	
Grant in Aid - baseline	231.1	220.1	-11.0	-5%	
Contribution to the Strategic Forum Savings	-10.8	-17.3	-6.5	60%	
Anticipated in-year transfers (net)	44.2	46.1	1.9	4%	
<b>Total anticipated Grant in Aid</b>	<b>264.5</b>	<b>248.9</b>	<b>-15.6</b>	<b>-6%</b>	1
EU Funds	7.3	8.2	0.9	12%	
Property Disposals	16.5	4.0	-12.5	-76%	
Property Income	6.5	6.0	-0.5	-8%	2
Co-Investment Fund	10.0	10.0	0.0	0%	
Scottish Loan Fund	15.0	16.0	1.0	7%	
Other Business Income	16.6	17.3	0.7	4%	
Additional income from further asset realisations		26.3	26.3	100%	3
<b>TOTAL INCOME</b>	<b>336.4</b>	<b>336.7</b>	<b>0.3</b>	<b>0%</b>	

**Table 2 – 2013/14 Published Plan v 2014/15 Current Expenditure Projections**

	2013/14 Published Plan	2014/15 Draft Budget	Change	Change	Explanatory Notes
	£m	£m	£m	%	
<b>Globally Competitive Business</b>					
Strategy, Leadership and Organisational development	14.5	14.7	0.2	1%	
Domestic Market Development					
Business Efficiency					
Innovation and R&D Support	29.1	28.0	-1.1	-4%	
RSA and SMART Support	35.0	36.4	1.4	4%	4
Enterprise Support Programmes	4.5	4.0	-0.5	-11%	
Internationalisation, including export market development & GlobalScot	17.5	17.9	0.4	2%	
Commercialisation - Development & Exploitation of Intellectual Assets	8.0	7.0	-1.0	-13%	5
Direct staff costs supporting globally competitive businesses	31.2	32.0	0.8	3%	
<b>TOTAL</b>	<b>139.8</b>	<b>140.0</b>	<b>0.2</b>	<b>0%</b>	
<b>Globally Competitive Sectors</b>					
Industry Sector project support	13.6	15.1	1.5	11%	6
Direct staff costs supporting globally competitive sectors	8.4	8.6	0.2	2%	
<b>TOTAL</b>	<b>22.0</b>	<b>23.7</b>	<b>1.7</b>	<b>8%</b>	
<b>Globally Competitive Business Environment</b>					
Business Infrastructure Projects	41.3	35.2	-6.1	-15%	7
Equity Investments and Loans (inc Scottish Loan Fund)	36.1	39.2	3.1	9%	8
Equity Investments and Loans - Renewable Energy Investment Fund (REIF)	31.5	34.9	3.4	11%	9
Property Portfolio Operational Costs	8.1	7.6	-0.5	-6%	
Direct staff costs supporting a globally competitive business environment	6.2	6.3	0.1	2%	
<b>TOTAL</b>	<b>123.2</b>	<b>123.2</b>	<b>0.0</b>	<b>0%</b>	
<b>Marketing, Research &amp; Stakeholder Engagement</b>					
Domestic	2.3	2.0	-0.3	-13%	
Overseas, including promotion of Scotland	4.6	4.6	0.0	0%	
<b>TOTAL</b>	<b>6.9</b>	<b>6.6</b>	<b>-0.3</b>	<b>-4%</b>	
<b>Running The Business</b>					
Support staff costs	12.7	13.0	0.3	2%	
<b>Premises and Facilities Management</b>					
Domestic	13.3	13.0	-0.3	-2%	
Overseas	6.3	6.3	0.0	0%	
Corporate services, including ICT, Legal, Travel etc	12.2	10.9	-1.3	-11%	10
<b>TOTAL</b>	<b>44.5</b>	<b>43.2</b>	<b>-1.3</b>	<b>-3%</b>	
<b>TOTAL CASH INVESTMENT</b>	<b>336.4</b>	<b>336.7</b>	<b>0.3</b>	<b>0%</b>	

**Table 1a: 2013/14 Income Analysis**

<b>Budget line</b>	<b>2013-14 Published Plan</b>	<b>2013-14 Latest Forecast</b>	<b>Change</b>	<b>Change</b>	<b>Explanatory notes</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>Note</b>
GIA	264.5	264.5	0.0	0%	
EU Funds	7.3	7.3	0.0	0%	
Property Disposals	16.5	16.5	0.0	0%	
Property Income	6.5	6.5	0.0	0%	
Co-Investment Fund	10.0	10.0	0.0	0%	
Scottish Loan Fund	15.0	15.0	0.0	0%	
Other Business Income	16.6	16.6	0.0	0%	
<b>TOTAL INCOME</b>	<b>336.4</b>	<b>336.4</b>	<b>0</b>	<b>0%</b>	

**Table 1b: Financial summary by theme 2013-14**

Budget line	2013-14 Published Plan	2013-14 Latest Forecast	Change	Change	Explanatory notes
	£m	£m	£m	%	Note
<b>Supporting Globally Competitive Business</b>					
Strategy, Leadership and Organisational development					
Domestic Market Development	14.5	14.5	0.0	0%	
Business Efficiency					
Innovation and R&D Support	29.1	29.1	0.0	0%	
RSA and SMART Support	35.0	35.0	0.0	0%	
Enterprise Support Programmes	4.5	4.5	0.0	0%	
Internationalisation, including export market development & GlobalScot	17.5	17.5	0.0	0%	
Commercialisation - Development & Exploitation of Intellectual Assets	8.0	8.0	0.0	0%	
Direct staff costs supporting globally competitive businesses	31.2	31.2	0.0	0%	
<b>Supporting Globally Competitive Business – Total</b>	<b>139.8</b>	<b>139.8</b>	<b>0.0</b>	<b>0%</b>	
<b>Supporting Globally Competitive Sectors</b>					
Industry Sector project support	13.6	13.6	0.0	0%	
Direct staff costs supporting globally competitive sectors	8.4	8.4	0.0	0%	
<b>Supporting Globally Competitive Sectors – Total</b>	<b>22.0</b>	<b>22.0</b>	<b>0.0</b>	<b>0%</b>	
<b>Globally Competitive Business Environment</b>					
Business Infrastructure	41.3	41.3	0.0	0%	
Equity Investments and Loans	36.1	36.1	0.0	0%	
Equity Investments and Loans - Renewable Energy Investment Fund (REIF)	31.5	31.5	0.0	0%	
Property Portfolio Operational Costs	8.1	8.1	0.0	0%	
Direct staff costs supporting a globally competitive business environment	6.2	6.2	0.0	0%	
<b>Globally Competitive Business Environment – Total</b>	<b>123.2</b>	<b>123.2</b>	<b>0.0</b>	<b>0%</b>	
<b>Marketing, Research and Stakeholder engagement</b>					
Domestic	2.3	2.3	0.0	0%	
Overseas, including promotion of Scotland	4.6	4.6	0.0	0%	
<b>Marketing, Research and Stakeholder engagement –Total</b>	<b>6.9</b>	<b>6.9</b>	<b>0.0</b>	<b>0%</b>	
<b>Running the Business</b>					
Support staff costs	12.7	12.7	0.0	0%	
<b>Premises and Facilities Management</b>					
Domestic	13.3	13.3	0.0	0%	
Overseas	6.3	6.3	0.0	0%	
Corporate services, including ICT, Legal, Travel etc	12.2	12.2	0.0	0%	
<b>Running the Business – Total</b>	<b>44.5</b>	<b>44.5</b>	<b>0.0</b>	<b>0%</b>	
<b>TOTAL CASH INVESTMENT</b>	<b>336.4</b>	<b>336.4</b>	<b>0.0</b>	<b>0%</b>	

**Table 2a: 2014-15 Income Analysis**

<b>Budget line</b>	<b>2014-15 Published Plan</b>	<b>2014-15 Current Income projections</b>	<b>Change</b>	<b>Change</b>	<b>Explanatory notes</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	
GIA	325.1	248.9	-76.2	-23%	1
EU Funds	8.2	8.2	0.0	0%	
Property Disposals	4.0	4.0	0.0	0%	
Property Income	6.0	6.0	0.0	0%	
Co-Investment Fund	10.0	10.0	0.0	0%	
Scottish Loan Fund	16.0	16.0	0.0	0%	
Shortfall in Income Projections		26.3	26.3	100%	2
Other Business Income	17.3	17.3	0.0	0%	
<b>TOTAL INCOME</b>	<b>386.6</b>	<b>336.7</b>	<b>-49.9</b>	<b>-13%</b>	

**Table 2b: 2014-15 Expenditure Summary by theme**

Budget line	2014-15 Published Plan	2014-15 Draft Expenditure	Change	Change	Explanatory notes
	£m	£m	£m	%	
<b>Globally Competitive Business</b>					
Strategy, Leadership and Organisational development	14.7	14.7	0.0	0%	
Domestic Market Development					
Business Efficiency					
Innovation and R&D Support	43.0	28.0	-15.0	-35%	3
RSA and SMART Support	36.4	36.4	0.0	0%	
Enterprise Support Programmes	4.0	4.0	0.0	0%	
Internationalisation, including export market development & GlobalScot	17.9	17.9	0.0	0%	
Commercialisation - Development & Exploitation of Intellectual Assets	7.0	7.0	0.0	0%	
Direct staff costs supporting globally competitive businesses	32.0	32.0	0.0	0%	
<b>TOTAL</b>	<b>155.0</b>	<b>140.0</b>	<b>-15.0</b>	<b>-10%</b>	
<b>Globally Competitive Sectors</b>					
Industry Sector project support	15.1	15.1	0.0	0%	
Direct staff costs supporting globally competitive sectors	8.6	8.6	0.0	0%	
<b>TOTAL</b>	<b>23.7</b>	<b>23.7</b>	<b>0.0</b>	<b>0%</b>	
<b>Globally Competitive Bus Environment</b>					
Business Infrastructure Projects	35.2	35.2	0.0	0%	
Equity Investments and Loans	39.2	39.2	0.0	0%	
Equity Investments and Loans - Renewable Energy Investment Fund (REIF)	69.8	34.9	-34.9	-50%	4
Property Portfolio Operational Costs	7.6	7.6	0.0	0%	
Direct staff costs supporting a globally competitive business environment	6.3	6.3	0.0	0%	
<b>TOTAL</b>	<b>158.1</b>	<b>123.2</b>	<b>-34.9</b>	<b>-22%</b>	
<b>Marketing, Research &amp; Stakeholder Engagement</b>					
Domestic	2.0	2.0	0.0	0%	
Overseas, including promotion of Scotland	4.6	4.6	0.0	0%	
<b>TOTAL</b>	<b>6.6</b>	<b>6.6</b>	<b>0.0</b>	<b>0%</b>	
<b>Running The Business</b>					
Support staff costs	13.0	13.0	0.0	0%	
<b>Premises and Facilities Management</b>					
Domestic	13.0	13.0	0.0	0%	
Overseas	6.3	6.3	0.0	0%	
Corporate services, including ICT, Legal, Travel etc	10.9	10.9	0.0	0%	
<b>TOTAL</b>	<b>43.2</b>	<b>43.2</b>	<b>0.0</b>	<b>0%</b>	
<b>TOTAL CASH INVESTMENT</b>	<b>386.6</b>	<b>336.7</b>	<b>-49.9</b>	<b>-13%</b>	



**Table 3a: 2013-14 Published Plan v 2014-15 Current Income projections**

	<b>2013/14 Published Plan</b>	<b>2014/15 Current Income Projections</b>	<b>Change</b>	<b>Change</b>	<b>Explanatory Notes</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	
Grant in Aid - baseline	231.1	220.1	-11.0	-5%	
Reduction to baseline budget (Strategic Forum adjustment)	-10.8	-17.3	-6.5	60%	
Anticipated in-year transfers (net)	44.2	46.1	1.9	4%	
<b>Total anticipated Grant in Aid</b>	<b>264.5</b>	<b>248.9</b>	<b>-15.6</b>	<b>-6%</b>	1
EU Funds	7.3	8.2	0.9	12%	
Property Disposals	16.5	4.0	-12.5	-76%	2
Property Income	6.5	6.0	-0.5	-8%	
Co-Investment Fund	10.0	10.0	0.0	0%	
Scottish Loan Fund	15.0	16.0	1.0	7%	
Shortfall in Income Projections		26.3	26.3	100%	3
Other Business Income	16.6	17.3	0.7	4%	
<b>TOTAL INCOME</b>	<b>336.4</b>	<b>336.7</b>	<b>0.3</b>	<b>0%</b>	

**Table 3b: 2013-14 Published Plan v 2014-15 Current Expenditure projections**

	2013/14 Published Plan	2014/15 Draft Expenditure	Change	Change	Explanatory Notes
	£m	£m	£m	%	
<b>Globally Competitive Business</b>					
Strategy, Leadership and Organisational development	14.5	14.7	0.2	1%	
Domestic Market Development					
Business Efficiency					
Innovation and R&D Support	29.1	28.0	-1.1	-4%	
RSA and SMART Support	35.0	36.4	1.4	4%	4
Enterprise Support Programmes	4.5	4.0	-0.5	-11%	
Internationalisation, including export market development & GlobalScot	17.5	17.9	0.4	2%	
Commercialisation - Development & Exploitation of Intellectual Assets	8.0	7.0	-1.0	-13%	5
Direct staff costs supporting globally competitive businesses	31.2	32.0	0.8	3%	
<b>TOTAL</b>	<b>139.8</b>	<b>140.0</b>	<b>0.2</b>	<b>0%</b>	
<b>Globally Competitive Sectors</b>					
Industry Sector project support	13.6	15.1	1.5	11%	6
Direct staff costs supporting globally competitive sectors	8.4	8.6	0.2	2%	
<b>TOTAL</b>	<b>22.0</b>	<b>23.7</b>	<b>1.7</b>	<b>8%</b>	
<b>Globally Competitive Business Environment</b>					
Business Infrastructure Projects	41.3	35.2	-6.1	-15%	7
Equity Investments and Loans (inc Scottish Loan Fund)	36.1	39.2	3.1	9%	8
Equity Investments and Loans - Renewable Energy Investment Fund (REIF)	31.5	34.9	3.4	11%	9
Property Portfolio Operational Costs	8.1	7.6	-0.5	-6%	
Direct staff costs supporting a globally competitive business environment	6.2	6.3	0.1	2%	
<b>TOTAL</b>	<b>123.2</b>	<b>123.2</b>	<b>0.0</b>	<b>0%</b>	
<b>Marketing, Research &amp; Stakeholder Engagement</b>					
Domestic	2.3	2.0	-0.3	-13%	
Overseas, including promotion of Scotland	4.6	4.6	0.0	0%	
<b>TOTAL</b>	<b>6.9</b>	<b>6.6</b>	<b>-0.3</b>	<b>-4%</b>	
<b>Running The Business</b>					
Support staff costs	12.7	13.0	0.3	2%	
<b>Premises and Facilities Management</b>					
Domestic	13.3	13.0	-0.3	-2%	
Overseas	6.3	6.3	0.0	0%	
Corporate services, including ICT, Legal, Travel etc	12.2	10.9	-1.3	-11%	10
<b>TOTAL</b>	<b>44.5</b>	<b>43.2</b>	<b>-1.3</b>	<b>-3%</b>	
<b>TOTAL CASH INVESTMENT</b>	<b>336.4</b>	<b>336.7</b>	<b>0.3</b>	<b>0%</b>	

**Table 4a: 2010/11 to 2015/16 Income Summary**

	<b>2010-11 Published Plan</b>	<b>2011-12 Published Plan</b>	<b>2012-13 Published Plan</b>	<b>2013-14 Published Plan</b>	<b>2014-15 Current Income projections</b>	<b>2015-16 Current Income projections</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Grant in Aid (net)	201.3	238.1	230.9	264.5	248.9	259.9
Grant contribution from UK Business, Innovation and Skills	12.0					
EU Funds	12.0	12.0	11.0	7.3	8.2	8.3
Property Disposals	20.0	35.6	23.0	16.5	4.0	4.0
Property Income	8.0	5.0	7.0	6.5	6.0	6.0
Co-Investment Fund	16.7	14.2	10.0	10.0	10.0	10.0
Scottish Loan Fund		10.0	10.0	15.0	16.0	10.0
Shortfall in Income Projections					26.3	15.3
Other Business Income	6.9	16.9	14.2	16.6	17.3	18.8
<b>TOTAL INCOME</b>	<b>276.9</b>	<b>331.8</b>	<b>306.1</b>	<b>336.4</b>	<b>336.7</b>	<b>332.3</b>

**Table 4b: Financial summary for 2010/11 to 2015/16**

	2010-11 Published Plan	2011-12 Published Plan	2012-13 Published Plan	2013-14 Published Plan	2014-15 Draft Expenditure	2015-16 Draft Expenditure
	£m	£m	£m	£m	£m	£m
<b>Globally Competitive Business</b>						
Strategy, Leadership and Organisational development						
Domestic Market Development	12.3	11.2	14.2	14.5	14.7	13.5
Business Efficiency						
Innovation and R&D Support	17.2	22.3	19.3	29.1	28.0	25.0
RSA and SMART Support		43.2	43.2	35.0	36.4	36.4
Enterprise Support Programmes	6.5	5.6	6.0	4.5	4.0	3.0
Internationalisation, including export market development & GlobalScot	9.9	13.0	15.8	17.5	17.9	16.8
Commercialisation - Development & Exploitation of Intellectual Assets	24.2	16.3	8.0	8.0	7.0	7.0
Direct staff costs supporting globally competitive businesses	28.6	29.2	30.5	31.2	32.0	32.7
<b>TOTAL</b>	<b>98.7</b>	<b>140.8</b>	<b>137.0</b>	<b>139.8</b>	<b>140.0</b>	<b>134.4</b>
<b>Globally Competitive Sectors</b>						
Industry Sector project support	16.1	14.7	15.1	13.6	15.1	15.1
Direct staff costs supporting globally competitive sectors	12.6	8.1	7.7	8.4	8.6	8.8
<b>TOTAL</b>	<b>28.7</b>	<b>22.8</b>	<b>22.8</b>	<b>22.0</b>	<b>23.7</b>	<b>23.9</b>
<b>Globally Competitive Business Environment</b>						
Business Infrastructure Projects	31.4	55.3	49.3	41.3	35.2	46.1
Equity Investments and Loans (inc Scottish Loan Fund)	26.7	36.0	31.0	36.1	39.2	31.5
Equity Investments and Loans - Renewable Energy Investment Fund (REIF)				31.5	34.9	34.9
Urban Regeneration Company and Local Regeneration Support (Ring-fenced funding)	25.0	12.5				
Property Portfolio Operational Costs	9.2	7.6	7.2	8.1	7.6	7.1
Direct staff costs supporting a globally competitive business environment	5.5	4.5	4.8	6.2	6.3	6.4
<b>TOTAL</b>	<b>97.8</b>	<b>115.9</b>	<b>92.3</b>	<b>123.2</b>	<b>123.2</b>	<b>126.0</b>
<b>Marketing, Research &amp; Stakeholder Engagement</b>						
Domestic	3.4	2.4	3.1	2.3	2.0	2.0
Overseas, including promotion of Scotland	5.3	4.3	5.5	4.6	4.6	4.6
<b>TOTAL</b>	<b>8.7</b>	<b>6.7</b>	<b>8.6</b>	<b>6.9</b>	<b>6.6</b>	<b>6.6</b>
<b>Running The Business</b>						
Support staff costs	11.9	12.8	12.4	12.7	13.0	13.4
<b>Premises and Facilities Management</b>						
Domestic	10.8	14.7	14.2	13.3	13.0	12.7
Overseas	5.1	5.5	6.1	6.3	6.3	6.3
Corporate services, including ICT, Legal, Travel etc	13.2	12.6	12.7	12.2	10.9	9.0
Efficiency Investment	2.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>43.0</b>	<b>45.6</b>	<b>45.4</b>	<b>44.5</b>	<b>43.2</b>	<b>41.4</b>
<b>TOTAL CASH INVESTMENT</b>	<b>276.9</b>	<b>331.8</b>	<b>306.1</b>	<b>336.4</b>	<b>336.7</b>	<b>332.3</b>

**Table 5: Reconciliation to Grant in Aid**

	2010-11 Published Plan	2011-12 Published Plan	2012-13 Published Plan	2013-14 Published Plan	2014-15 Current Income projections	Change between published 13/14 and draft 14/15	Change	Explanatory notes (Note 1)
	£m	£m	£m	£m	£m	£m	%	
Grant in Aid (net)	201.3	238.1	230.9	264.5	248.9	-15.6	-6%	1*
Grant contribution from UK Business, Innovation and Skills	12.0							
EU Funds	12.0	12.0	11.0	7.3	8.2	0.9	12%	
Property Disposals	20.0	35.6	23.0	16.5	4.0	-12.5	-76%	2*
Property Income	8.0	5.0	7.0	6.5	6.0	-0.5	-8%	
Co-Investment Fund	16.7	14.2	10.0	10.0	10.0	0.0	0%	
Scottish Loan Fund		10.0	10.0	15.0	16.0	1.0	7%	
Shortfall in Income Projections					26.3	26.3	100%	3*
Other Business Income	6.9	16.9	14.2	16.6	17.3	0.7	4%	
<b>TOTAL INCOME</b>	<b>276.9</b>	<b>331.8</b>	<b>306.1</b>	<b>336.4</b>	<b>336.7</b>	<b>0.3</b>	<b>0%</b>	

\* covered in explanatory notes for  
Table 3a

**Table 6: Capital and Resource Plans - 2011-12 to 2015-16**

	2011-12 Published Plan	Capital	Resource	2012-13 Published Plan	Capital	Resource	2013-14 Published Plan	Capital	Resource	2014-15 Draft Expenditure	Capital	Resource	2015-16 Draft Expenditure	Capital	Resource
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Globally Competitive Business</b>															
Strategy, Leadership and Organisational development	11.2	-	11.2	14.2	-	14.2	14.5	-	14.5	14.7	-	14.7	13.5	-	13.5
Domestic Market Development															
Business Efficiency															
Innovation and R&D Support	22.3	16.7	5.6	19.3	4.3	15.0	29.1	13.3	15.8	28.0	7.5	20.5	25.0	9.6	15.4
RSA and SMART Support	43.2	42.9	0.3	43.2	42.9	0.3	35.0	34.8	0.2	36.4	36.2	0.2	36.4	36.2	0.2
Enterprise Support Programmes	5.6	-	5.6	6.0	-	6.0	4.5	-	4.5	4.0	-	4.0	3.0	-	3.0
Internationalis ation, including export market development & GlobalScot	13.0	-	13.0	15.8	-	15.8	17.5	-	17.5	17.9	-	17.9	16.8	-	16.8
Commercialisa tion - Development & Exploitation of Intellectual Assets	16.3	-	16.3	8.0	-	8.0	8.0	-	8.0	7.0	-	7.0	7.0	-	7.0
Direct staff costs supporting globally competitive	29.2	-	29.2	30.5	-	30.5	31.2	-	31.2	32.0	-	32.0	32.7	-	32.7

businesses															
<b>TOTAL</b>	<b>140.8</b>	<b>59.6</b>	<b>81.2</b>	<b>137.0</b>	<b>47.2</b>	<b>89.8</b>	<b>139.8</b>	<b>48.1</b>	<b>91.7</b>	<b>140.0</b>	<b>43.7</b>	<b>96.3</b>	<b>134.4</b>	<b>45.8</b>	<b>88.6</b>
<b>Globally Competitive Sectors</b>															
Industry Sector project support	14.7	-	14.7	15.1	-	15.1	13.6	1.3	12.3	15.1	0.1	15.0	15.1	0.1	15.0
Direct staff costs supporting globally competitive sectors	8.1	-	8.1	7.7	-	7.7	8.4	-	8.4	8.6	-	8.6	8.8	-	8.8
<b>TOTAL</b>	<b>22.8</b>	<b>-</b>	<b>22.8</b>	<b>22.8</b>	<b>-</b>	<b>22.8</b>	<b>22.0</b>	<b>1.3</b>	<b>20.7</b>	<b>23.7</b>	<b>0.1</b>	<b>23.6</b>	<b>23.9</b>	<b>0.1</b>	<b>23.8</b>
<b>Globally Competitive Business Environment</b>															
Business Infrastructure Projects	55.3	53.0	2.3	49.3	45.5	3.8	41.3	39.0	2.3	35.2	33.4	1.8	46.1	43.8	2.3
Urban Regeneration Company Support	12.5	12.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Investments and Loans (inc Scottish Loan Fund)	36.0	35.5	0.5	31.0	29.8	1.2	36.1	34.8	1.3	39.2	37.8	1.4	31.5	30.5	1.0
Equity Investments and Loans - Renewable Energy Investment Fund (REIF)							31.5	31.0		34.9	34.4	0.5	34.9	34.4	0.5
Property Portfolio Operational Costs	7.6	-	7.6	7.2	-	7.2	8.1	-	8.1	7.6	-	7.6	7.1	-	7.1
Direct staff costs supporting a	4.5	-	4.5	4.8	-	4.8	6.2	-	6.2	6.3	-	6.3	6.4	-	6.4

globally competitive business environment															
<b>TOTAL</b>	<b>115.9</b>	<b>101.0</b>	<b>14.9</b>	<b>92.3</b>	<b>75.3</b>	<b>17.0</b>	<b>123.2</b>	<b>104.8</b>	<b>17.9</b>	<b>123.2</b>	<b>105.6</b>	<b>17.6</b>	<b>126.0</b>	<b>108.7</b>	<b>17.3</b>
<b>Marketing, Research &amp; Stakeholder Engagement</b>															
Domestic	2.4	-	2.4	3.1	-	3.1	2.3	-	2.3	2.0	-	2.0	2.0	-	2.0
Overseas, including promotion of Scotland	4.3	-	4.3	5.5	-	5.5	4.6	-	4.6	4.6	-	4.6	4.6	-	4.6
<b>TOTAL</b>	<b>6.7</b>	<b>-</b>	<b>6.7</b>	<b>8.6</b>	<b>-</b>	<b>8.6</b>	<b>6.9</b>	<b>-</b>	<b>6.9</b>	<b>6.6</b>	<b>-</b>	<b>6.6</b>	<b>6.6</b>	<b>-</b>	<b>6.6</b>
<b>Running The Business</b>															
Support staff costs	12.8	-	12.8	12.4	-	12.4	12.7	-	12.7	13.0	-	13.0	13.4	-	13.4
<b>Premises and Facilities Management</b>															
Domestic	14.7	-	14.7	14.2	-	14.2	13.3	-	13.3	13.0	-	13.0	12.7	-	12.7
Overseas	5.5	-	5.5	6.1	-	6.1	6.3	-	6.3	6.3	-	6.3	6.3	-	6.3
Corporate services, including ICT, Legal, Travel etc	12.6	-	12.6	12.7	-	12.7	12.2	-	12.2	10.9	-	10.9	9.0	-	9.0
Efficiency Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>45.6</b>	<b>-</b>	<b>45.6</b>	<b>45.4</b>	<b>-</b>	<b>45.4</b>	<b>44.5</b>	<b>-</b>	<b>44.5</b>	<b>43.2</b>	<b>-</b>	<b>43.2</b>	<b>41.4</b>	<b>-</b>	<b>41.4</b>
<b>TOTAL CASH INVESTMENT</b>	<b>331.8</b>	<b>160.6</b>	<b>171.2</b>	<b>306.1</b>	<b>122.5</b>	<b>183.6</b>	<b>336.4</b>	<b>154.2</b>	<b>181.7</b>	<b>336.7</b>	<b>149.4</b>	<b>187.3</b>	<b>332.3</b>	<b>154.6</b>	<b>177.7</b>



**Table 7: Planned Capital Expenditure 2011-12 to 2015-16**

	Published Plan 2011-12	Published Plan 2012-13	Published Plan 2013-14	Draft Projections 2014-15	Published Projections 2015-16
	£m	£m	£m	£m	£m
<b>Planned Capital Expenditure</b>					
of which:					
NRIF	8.5	6.8	4.3	15.9	29.6
ITREZ	1.0	12.5	8.8	1.9	
WATERS and follow on programmes	4.7	4.3	3.6	1.0	3.1
POWERS			9.5	5.0	5.0
Offshore Wind Foundation Structures			0.2	1.5	1.5
REIF			31.0	34.4	34.4
Dundee Central Waterfront	2.0	-	3.7	4.2	7.0
Power Networks Demo Centre	5.0	4.1	1.0		
SECC National Arena	-	1.0	-		
Scottish Co-investment Fund	13.7	9.6	9.6	9.6	9.6
Scottish Venture Fund/Seed Fund/Direct Investments	11.8	9.2	9.9	13.3	14.6
Other Investment Funds	-	1.0	1.1	2.0	1.0
Scottish Loan Fund	10.0	10.0	14.2	15.1	9.5
EBQ - Unlocking Commercial Development (Plot 9)	9.6	1.6	0.8		
EBQ - Centre for Regenerative Medicine	2.9	-	-		
EBQ - Niddrie Burn	5.2	-	-		
Advanced Forming Research Centre (inc Phase 2)	2.5	0.5	2.0	1.3	
Energetica Aberdeen Science Park JV	1.5	1.0	2.7	2.2	0.4
Energetica Industry Park Infrastructure	1.0	1.3	2.6		
Edinburgh Military Tattoo Arena	0.5	-	-		
BI Fab Expansion at Fife Energy Park	4.0	4.0	-		
Fife Energy Park	3.0	3.6	2.4	3.2	9.2
V&A at Dundee	-	-	0.2	1.5	1.5
Urban Regeneration Company Support (various)	12.5	-	-		
GLA Business Space Project	0.8	2.0	1.4		
GLA Regional Industry Park Annan	0.4	2.4	0.9		
Creative Clyde Pacific Quay - Enabling Infrastructure	-	1.7	2.1	1.1	
Waverly Railway Funding Contribution	-	1.0	0.8		
Ruchill Hospital Demolition and Infrastructure	1.3	1.6	0.5		
RSA	36.7	37.4	29.0	30.0	30.0
SMART	6.2	5.5	5.8	6.2	6.2
Destination Loch Lomond Infrastructure				0.5	0.5
Loch Lomond Shore Hotel Development				1.2	0.5
Aero Electrical Technology Centre				2.0	1.0
EMEC Future Development				0.8	0.8

Bioquarter Speculative Floor Fit out				3.0	
Adjustment to balance capital portfolio to budget (1)				(9.1)	(9.0)
Other capital projects (inc vat recovery where applicable)	15.8	0.4	6.1	1.6	(1.8)
<b>Total Planned Capital Expenditure</b>	<b>160.6</b>	<b>122.5</b>	<b>154.2</b>	<b>149.4</b>	<b>154.6</b>
<b>Funded by:</b>					
Scottish Government Capital DEL Budget	78.3	42.6	61.4	76.8	115.6
Cost of Sales from Capital Disposals	28.5	23.0	6.5	3.5	3.5
EU Income for capital projects	5.2	5.9	3.6	3.0	3.0
Other Business Income for capital projects	7.5	7.2	7.4	8.4	8.1
Scottish Co-investment Fund bank account	13.7	9.6	9.6	9.6	9.6
Scottish Loan Fund bank account	10.0	10.0	14.2	15.1	9.5
<b>Total Capital Funding Resources</b>	<b>143.2</b>	<b>98.3</b>	<b>102.7</b>	<b>116.4</b>	<b>149.3</b>
<b>Transfer from SG Resource DEL Budget to Capital</b>	<b>17.4</b>	<b>24.2</b>	<b>51.5</b>	<b>33.0</b>	<b>5.3</b>
Scottish Government Resource DEL Budget	<b>160.2</b>	<b>188.3</b>	<b>203.1</b>	<b>172.1</b>	<b>144.3</b>
Less transfer to Capital	(17.4)	(24.2)	(51.5)	(33.0)	(5.3)
<b>Net Scottish Government Resource DEL Budget</b>	<b>142.8</b>	<b>164.1</b>	<b>151.6</b>	<b>139.1</b>	<b>139.0</b>

(1) Portfolio of planned capital projects are generally higher than available budget and this recognises re-profiling of expenditure that can arise from slippage primarily on 3rd party capital projects

### **Explanatory Notes for Tables 1a & 1b: 2013/14 Summary**

The re-basing exercise for 2013/14 does not commence until early October (based on end of September forecasts) and will conclude with SE Board approval of the re-basing proposals on 8 November 2013. As such, the figures provided for latest forecasts for 2013/14 are in line with the published business plan.

### **Explanatory Notes for Tables 2a & 2b: 2014/15 Summary**

<b>No.</b>	<b>Explanatory Note</b>
1.	The decrease is due to 2 main factors. Firstly, there has been a 34.9m re-phasing of REIF expenditure in to 15/16 together with a reduction in POWERS expenditure of £15m reflecting market conditions. These movements in expenditure are matched with movements in anticipated GIA transfers for these programmes. The remaining difference relates to the revised GIA following the 2013 Spending Review.
2.	Current income projections are insufficient to support planned expenditure for 2014/15. As a result, all income sources, with particular focus on property disposals and investment income, will be reviewed in attempt to bolster income projections.
3.	As noted above, POWERS expenditure has decreased by £15m reflecting market conditions.
4.	As noted above, there has been a re-phasing of £34.9m for REIF in to 2015/16 reflecting the pace of deals on this relatively new fund.

### **Explanatory Notes for Tables 3a & 3b: Year-on-Year Changes**

<b>No.</b>	<b>Explanatory Note</b>
1.	The 2014/15 figures represent the outcome of the 2013 Spending Review together with net transfers anticipated over and above base-line figures.
2.	Decrease is mainly due to the fact the 2013/14 figure included a projected disposal worth £11m. The £4m currently reflected in 2014/15 is more representative of the baseline for disposals going forward reflecting the current state of the property market and the relative attractiveness of assets held by Scottish Enterprise. However, the property portfolio will be reviewed to identify prospective disposals that will allow the overall target to be increased.
3.	We wish to maintain our investment plans for 2014/15 and will re-examine all potential income sources, with a particular focus on property disposals and investment income, to enable planned activity levels to be maintained.
4.	Marginal increase which is in line with an increase in commitments in this area which will be in part due to the upcoming changes in Regional Aid Guidelines which are anticipated to result in an increased demand for RSA in the short term.
5.	The decrease is mainly due to the inclusion of the Scottish Entrepreneurial Growth Fund project in 2013/14 which increased expenditure in that year. It is anticipated that c£7m will be the base-line budget going forward.
6.	Marginal increase representing anticipated strong pipeline of projects in this area and importance of direct support to grow key sectors.
7.	Decrease reflects the current portfolio of projects to be delivered in 2014/15. While the pipeline of projects is strong and more could be delivered, the package of projects can be managed based on affordability. This budget line can also have relatively large year on year volatility depending on the spend profile of the capital projects being delivered in partnership with the public and private sectors.
8.	The increase is mainly due to a planned increase of £1.5m on the Mixed Plastics Loan Fund as the fund begins to reach a more mature stage together with marginal increases in other funds reflecting the importance of access to finance to sustain economic recovery.
9.	Marginal increase reflecting the anticipated increased demand for funding as the fund reaches greater maturity.
10.	Reflects the on-going drive to achieve efficiencies particularly in Running the Business Costs.