

Supporting Scotland's economic growth

Methodology



AUDITOR GENERAL 

Evidence for our audit was based on four main components.

1. Desk research

We reviewed a range of published information to inform our audit, including:

- Scottish Government economic strategies
- The National Performance Framework
- Economic development arrangements in:
 - the rest of the United Kingdom
 - New Zealand
 - Canada
- Scottish Enterprise and HIE's:
 - governance frameworks
 - business and operating plans
 - investment guidance
 - evaluation documents
 - board papers.

2. Interviews

We met with a number of staff at the Scottish Government, Scottish Enterprise and HIE. We also met with relevant public and private sector partners, including councils, business representative groups and Industry Leadership Groups.

We spoke to a number of the enterprise bodies' customers. We held roundtable discussions with a sample of HIE's account managed businesses and communities. We also conducted telephone interviews with a number of businesses that Scottish Enterprise or HIE had supported. We attempted to contact businesses through various social media channels, including LinkedIn, Facebook and Twitter. This proved unsuccessful.

3. Data analysis

We analysed a range of data sources including Scottish Enterprise's and HIE's annual accounts between 2008/09 and 2014/15. We analysed their performance measures and their income and expenditure. We calculated real terms spending in 2014/15 prices using the GDP deflator series as published by HM Treasury.

To estimate public sector spending on supporting economic growth we analysed the Government Expenditure and Revenue Scotland (GERS) 2014/15 information. GERS uses the Country and Regional Analysis data published by HM Treasury to estimate Scottish public sector expenditure. We have included public sector spending by the Scottish Government, councils and public corporations.

GERS divides expenditure into 16 categories. For our estimate of spend on supporting economic growth we have used figures from the economic affairs categories, and education and training. Spending on education supports a number of the Scottish Government's priorities and the primary purpose is not economic growth. However, education plays a vital role in equipping individuals with the skills, knowledge and experience to participate in the workplace.

Economic affairs includes: enterprise and economic development; science and technology; employment policies; agriculture, forestry and fisheries; and transport. There was no spending recorded against 'employment policies' as this is UK Government activity. Only £3 million was recorded against 'science and technology' and as this was on agricultural research we have included this in the 'agriculture, forestry and fisheries' category. [Table 1](#) shows the spending lines within each category.

We also analysed a range of other information, including:

- Scottish Investment Bank financial data
- Scottish Enterprise and HIE's account management portfolio data
- Scottish Enterprise local activity reports for 2014/15.

4. Case studies

We carried out a review of seven case studies: Amazon; Dundee Waterfront; the food and drink sector; the energy sector; Scottish Investment Bank; Harris Tweed; and Inverness Campus. This involved:

- reviewing a range of case study information, including:
 - business cases
 - finance and performance reports
 - risk registers
- site visits
- interviewing Scottish Enterprise and HIE staff and the partners they worked with
- speaking to the recipients of support (eg, the business or the community).

Table 1

Agriculture, forestry and fisheries	Education
Forest Enterprise	Education Maintenance Allowances
Forestry Commission	Education Scotland & Scottish Qualifications Authority
Forestry EU Funding	Educational Research
EU Programmes	Further Education Funding
EU Programmes – CAP	Higher Education Funding
EU Support & National Schemes – Agriculture	National Support for Learning
EU Support & National Schemes – Forestry	Other Lifelong Learning
Fisheries	Skills Development Scotland Ltd
Royal Botanic Garden	Student Loans
Agricultural Research	Councils
Councils	
Transport	Enterprise and economic development
Air Services	VisitScotland
Bus Services	Industry & Technology
Caledonian Maritime Assets Ltd	Scottish Enterprise
Ferry Services	Digital Economy & Infrastructure
Highlands & Islands Airports Ltd	European Social & Regional Development Funds
Motorways & Trunk Roads	Highlands & Islands Enterprise
Rail Services	Other Infrastructure & Capital Investment
Councils	Councils



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