

INNOVATION AND INVESTMENT HUBS
OFFICIAL - SENSITIVE

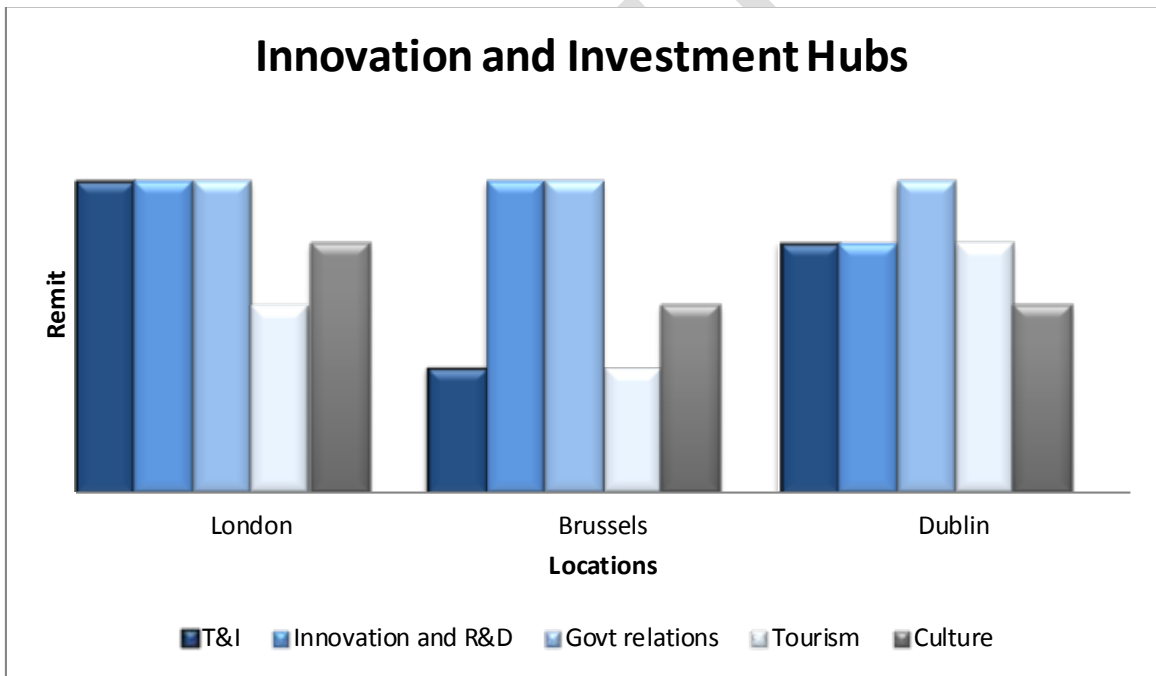
The **Programme for Government** announced our intention to pilot Innovation and Investment Hubs in key global locations. It stated:

“These will be tasked with securing research and innovation partners, investors in Scottish innovation, and build on established exporting and inward investment expertise. The Hubs will provide a focus for Scottish companies or universities needing presence in a country, capital or continent, including links to our network of innovation centres.”

Scotland’s Economic Strategy confirmed that:

“These Hubs will play a key role in promoting the research and innovation capacity and capability of Scottish companies and universities, including our network of Innovation Centres, in attracting investment and funding, and in supporting international collaboration which delivers economic benefits and helps address societal and global challenges. The scale, scope and focus of these Hubs will vary depending on the specific opportunities in a particular country or market.”

The diagram below shows the potential for Hubs established in the [redacted]referenced in the 2015 Strategic Guidance letters to have different scope and focus, depending on their locality.



Importance 1 (low) – 5 (high)

	T&I	Innovation and R&D	Govt relations	Tourism	Culture
London	5	5	5	3	4
Brussels	2	5	5	2	3
Dublin	4	4	5	4	3
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Stakeholder engagement

We have had informal conversations with a range of stakeholders (for example, Universities Scotland, Creative Scotland, VisitScotland, SFC, Chambers of Commerce, SCDI, Interface as well as the Innovation Strategic Partnership Group) to help shape our initial thinking. All have been broadly supportive of the emerging proposals.

In summary:

Each hub would need to focus on particular opportunities in each location and be tailored to the particular location.

- A **London** Hub could be established to strengthen the Scottish Government's presence in London and coordinate activity by the Government, its agencies and partners. It could provide a working base and flexible meeting/exhibition space in the heart of London. Building on SDI's current work, it could promote trade and foreign direct investment opportunities and provide a platform for engagement with investors. It could help build partnerships between Scottish businesses and universities/research institutions and their London-based counterparts and facilitate access to the many organisations and companies in London which support research and innovation. Where political, business and cultural delegations make a single UK stop in London, the hub could ensure Scottish participation; it could make use of high-profile events to promote Scotland's unique cultural identity and Scotland as a tourist destination.
- A **Dublin** Hub could be established to strengthen government to government relations between Scotland and Ireland and to promote greater collaboration between the governments and their agencies, businesses and universities around key shared priorities. It could facilitate coordinate joint working to influence EU policy and attract EU funding and build on existing partnerships such as the INTERREG cross-border co-operation programme and Access 6 Food and Drink Programme. It could promote trade links with Ireland and identify areas where collaboration between Scottish and Irish companies would give them a greater chance of winning high value contracts. It could coordinate Scottish participation in the British Irish Chamber of Commerce and strengthen engagement around tourism (for example a joint approach to golf tourism).
- A **Brussels** Hub could be established to bring together and build on activity in support of innovation and R&D undertaken by the Scottish Government, Scotland Europa , Highlands and Islands European Partnership and other stakeholders in Brussels. Working with Scottish Government, public sector bodies, universities and the private and third sectors, it would set ambitious objectives for delivering higher levels of Scottish performance in EU programmes. Its focus would be on: strengthening Scottish engagement in EU investment, innovation and R&D policy and funding programmes; building partnerships between Scottish businesses and universities/research institutions and their international counterparts; and developing more successful collaborations with other member states and territories, building on the success of the Vanguard initiative.

[redacted]

[redacted]

1. LONDON

Primary purpose

A London Innovation and Investment Hub could be established to strengthen SG's presence in London. It's primary purpose to provide a knowledgeable SG voice in London and to coordinate activity by SG, its agencies and partners to showcase Scotland and promote Scotland's interests.

London has an unique role as truly Global city, providing the opportunity to engage with the many international organisations based there and that have key representatives transiting through London.

The Hub would facilitate work with the UK Government, Embassies and other organisations in London. It would improve access to London as a global financial centre and the home of many organisations and companies which support research and innovation. In recognition of the existing strong trade links, the Hub would have a strong trade and investment focus, building on the work currently undertaken by SDI in London.

The Hub would also promote Scotland's unique cultural identity and Scotland as a tourist destination, building on the work currently undertaken by Creative Scotland and VisitScotland respectively.

Objectives

The London Hub could focus on:

- raising awareness of Scotland and Scotland's interests¹;
- coordinating activity across SG, its agencies and partners;
- providing support to Ministers, officials and other stakeholders;
- longer term relationship building with UKG departments, Embassies and other organisations based in London but with a national remit;
- taking opportunities to participate in visits by political/business/cultural delegations that make a single UK stop in London;
- monitoring activity at Westminster and briefing MPs/their staff;
- building partnerships and collaborations between Scottish businesses and universities/research institutions and their London-based counterparts;
- promoting trade² and foreign direct investment opportunities;
- attracting investment funding by providing a strong platform for engagement with the range of investment providers;
- engaging with the Scottish Diaspora and university alumni;
- developing and capitalising on better connections with the London and London based foreign media.

¹ For example by ensuring Scottish representation at cross-Whitehall and external (e.g. Chatham House) events, Scottish participation in a 'calendar' of high profile events/opportunities in London and establishing a programme of networking events and influencer dinners.

² With a focus on embedding more Scottish companies in global value chains where purchasing decisions are made and influenced in London and accessing routes to international markets.

Requirements

To include:

- a dedicated senior SG policy lead with responsibility for bringing together public and private partners to deliver the objectives of the Hub;
- better aligned and more focused resource directed towards delivering the objectives of the Hub;
- involvement of key stakeholders in a new One Scotland Partnership linked to the Hub;
- a clear business plan which sets out the key objectives for the London Hub, roles and responsibilities, timescales and milestones;
- premises with a distinct Scottish identity/branding in a prominent location;
- a working base and flexible meeting/exhibition space for use by SG, its agencies and partners;
- development of an effective intelligence cycle;
- mechanism for tracking progress and measuring impact.

Co-location of SG, Scotland Europa and Highlands and Islands European Partnership in Scotland House in Brussels could provide a potential model.

Stakeholders

SDI staff in London are currently in temporary accommodation. Proposals for a London Hub should address their longer term accommodation needs.

Creative Scotland views a London Hub as an opportunity to: present areas of excellence to delegations whose visits are confined to London; attract co-producing partnerships; access cultural attachés and international cultural institutes; and strengthen relationships with the large trusts and foundations based in London but which have a national remit.

VisitScotland currently has one member of its Business Tourism team based in London. It views a London Hub as an opportunity to engage on a business-to business basis to bring business/visitors and events to Scotland and to reach out to emerging/longer haul markets. A London Hub would be unlikely to improve consumer reach (VisitScotland pulled out of a consumer facing presence in London in 2006/7 because of declining footfall).

In initial discussions, Universities Scotland, University of Edinburgh and Queen Margaret University expressed strong support for a London Hub.

2. BRUSSELS

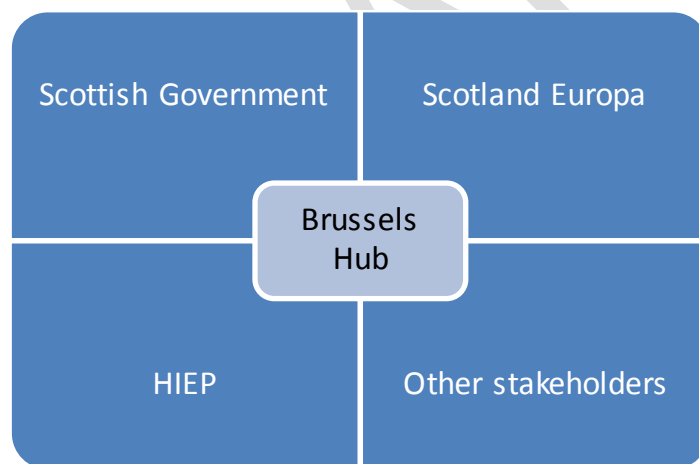
Primary purpose

A Brussels Innovation and Investment Hub could be established to bring together and build on the activity undertaken by the Scottish Government, Scotland Europa, Highlands and Islands European Partnership (HIEP) and other stakeholders in Brussels.

Its primary purpose to deliver a policy-led approach and provide leadership and resources behind a shared aspiration to place Scotland firmly in the upper quartile of highly performing innovation areas in Europe. Its aim would be to raise the level of Scottish engagement to the level of Europe's best performing regions in projects and deliver higher levels of success in competitive funding programmes, including new investment packages.

In line with Scotland's Action Plan for EU Engagement, the Brussels Hub would strengthen relationships with European partners in order to deliver mutually beneficial outcomes and long term economic benefit for Scotland.

The core roles performed by SG, Scotland Europa and HIEP in Brussels would not change substantially but the new hub would provide leadership and enhance joint working between them and set ambitious new objectives. Similarly, the Hub would not crowd out work being taken forward by individual businesses and universities/research institutions, but would help support greater levels of international activity and ensure that such activity is better aligned.



Objectives

The Brussels Hub could focus on:

- enhancing Scotland's voice and influence on EU innovation and R&D policy;
- in parallel with support for engagement with Council business carried out with the UK representation, provide support to Ministers, officials and other stakeholders on engagement with the EU institutions, Member States and regional representation offices in support of investment and innovation objectives;
- showcasing Scotland's innovation and public and private R&D capacity and capability, hosting events and co-ordinating representation at other events in Brussels;
- building partnerships and collaborations between Scottish businesses and universities/research institutions and their international counterparts;

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- developing partnerships and collaborations with other member states and territories, building on the success of the Vanguard initiative;
- influencing the design of, and increasing Scottish participation in, competitive EU funding programmes such as Horizon 2020 and the European Strategic Investment Fund; and
- attracting investment funding by providing a strong platform for engagement with the range of investment providers.

Requirements

To include:

- a dedicated senior SG policy lead with responsibility for bringing together public and private partners to deliver the objectives of the Hub;
- better aligned and more focused resource directed towards delivering the objectives of the Hub;
- involvement of key stakeholders in a new One Scotland Partnership linked to the Hub, which will be the subject of consultation with key partners;
- a clear business plan which delivers a joined up approach to engagement on innovation and R&D within the context of wider engagement on Europe 2020 and in support of the Scottish Government's objectives³;
- flexible space for use by universities/research institutions and others involved in the Hub;
- enhancing the existing reporting and information cycle;
- mechanism for tracking progress and measuring impact.

Stakeholders

The proposal would build on the benefits already gained from co-location of SG, Scotland Europa and Highlands and Islands European Partnership in Scotland House and the structures, delivery mechanisms and partnership arrangements already in place.

It would provide a focus for Scottish companies and universities/research institutions in Brussels whilst linking into Scotland's innovation network (Connected Scotland, Interface, Innovation Centres, Research Pools etc.).

In initial discussions, Universities Scotland, University of Edinburgh and Queen Margaret University expressed strong support for a Brussels Hub. [redacted]

It could also provide a focus for other stakeholders with an existing presence in Brussels or which have regular dialogue with the Commission.

³ As set out in Scotland's Economic Strategy, International Framework and EU Action Plan and Scotland CAN DO.

3. DUBLIN

Primary purpose

A Dublin Innovation and Investment Hub could be established to strengthen government to government relations between Scotland and Ireland with the aim of promoting greater collaboration between the governments and their agencies, businesses and universities around key shared priorities.

The creation of a Hub in Dublin has high level Ministerial support. It would build on the recent and planned visits by Scottish and Irish Ministers (including First Minister's visit to Dublin 18 June) and the clear invitation from Irish Ministers to work together on common projects. The hub would consist of a small Scottish team within the British Embassy in Dublin and provide contacts and links to wider Scottish and Irish based bodies.

Objectives

The Dublin Hub could focus on:

- developing partnerships with the Irish Government and its agencies to deliver shared goals which recognise the complementary strengths of the public, higher education and private sectors in each country and cultural links between the two countries;
- joint working to influence EU policy and attract EU funding relevant to our shared priorities, especially Horizon 2020 and Transnational Cooperation Programmes;
- coordinating activity by and building on existing partnerships⁴;
- identifying areas where collaboration between Scottish and Irish companies would give them a greater chance of winning high value contracts (either directly or through the supply chain) or accessing new global markets⁵;
- developing bilateral trade links with Ireland (8th in Scotland's EU trade partners) and utilising connections to international markets (especially US);
- strengthening engagement around tourism (e.g. developing joint approaches to golf tourism) and culture;
- coordinating Scottish participation in the British Irish Chamber of Commerce.

Requirements

To include:

- strategic leadership via regular meetings of Scottish and Irish Ministers.
- a small Scottish team within the British Embassy in Dublin, providing contacts and links to wider Scottish and Irish based bodies;
- better aligned and more focused resource directed towards delivering the objectives of the Hub;
- involvement of key stakeholders in a new One Scotland Partnership linked to the Hub*;

⁴ Examples include: the INTERREG cross-border co-operation programme for the border region of Ireland, Northern Ireland and Western Scotland for 2014-20 which prioritises research and innovation, the environment, sustainable transport and health; the Irish Sea Rim Economic, Research & Innovation Zone focused on driving economic growth, research excellence and innovation through collaboration between government, business, communities and universities; the Access 6 Food and Drink Programme which supports Scottish and Irish SMEs in the food and drink sector to access new global markets; and opportunities around the EU Blue Growth strategy/cooperation on the Atlantic Ocean sea basin strategy.

⁵ For example, renewable/green technologies (with collaboration between Eco Energy (Scotland) and Crowley Carbon (Ireland) as a good case study), biotech and agri-tech industries, food and drink etc.

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- a clear business plan which sets out the key objectives for the Dublin Hub, roles and responsibilities, timescales and milestones;
- development of an effective intelligence cycle;
- clear links to SDI, Scottish Enterprise and Scotland Europa to provide follow up and guidance for the hub's work;
- day-to-day engagement with SG International Directorate;
- mechanism for tracking progress and measuring impact.

*An alternative would be to establish a Scotland-Ireland Partnership, bringing together key players from both countries focused on the joint planning and delivery of our shared goals. Partnership meetings could alternate between Scotland and Ireland, with meetings at official level on a quarterly basis and an annual Ministerial meeting.

Stakeholders

The British Ambassador has recommended to Scottish Ministers that they look at the establishment of a Scottish interest section within the British Embassy, on the lines currently in place for Wales.

Initial discussions with Christine Essen, Enterprise Ireland were very positive, confirming a willingness to work together to identify a small number of possible areas for joint learning and collaboration.

SDI currently has no presence in Dublin (served from SDI's London office). Scotland Europa, Scottish Enterprise, HIE and SG Energy Division are currently working on a number of joint projects with Irish partners in the Cross Border Programme.

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