

MINISTER FOR BUSINESS, INNOVATION AND ENERGY

RAYTHEON SYSTEMS LIMITED – VISIT TO GLENROTHES FACILITY

TUESDAY 16 JANUARY 2018

Key Message	<ul style="list-style-type: none">• Interested to see the work carried out by Raytheon in Glenrothes and explore ways the Government can support growth and jobs.• Keen to understand the work you are doing with Scottish Enterprise to diversify the site into more non-defence related activities.• Pleased that Raytheon has a commitment to maintaining a highly skilled workforce.• Keen to understand more about corporate governance preventing a commitment to the Scottish business Pledge.
Who	Richard Daniel , CEO, Raytheon UK Sinead O'Donnell , Head of HR Power and Control, Raytheon UK Scott Turkington , Head of Finance & Interim MD, Raytheon UK Sen Sami , Head of Government Relations, Raytheon UK Paul Johnston , Manufacturing Director, Raytheon UK
What	Company Visit
Why	<p>You were invited to visit Raytheon (MACCS case: 2017/0016881) as it is one of the largest employers in Fife and one of the biggest exporters in Scotland. A visit was arranged for 4 October 2017 but was cancelled by the company. You met briefly with the company following Fife Economy Partnership meetings on 8 November 2017.</p> <p>The company is a provider of highly skilled jobs and therefore very interested in the STEM agenda and apprenticeships. The visit will provide an overview of Raytheon's activities in Glenrothes and opportunity to discuss Raytheon's diversification into other non-defence related areas.</p>
Where	Raytheon Systems Limited, Queensway Industrial Estate, Fullerton Rd, Glenrothes, KY7 5PY
When	Tuesday 16 January 2018, 10.00 am to 11.30 am
Supporting Officials	[REDACTED], SE Account Manager, Telephone: [REDACTED] [REDACTED], Head of SMAS, Telephone: [REDACTED]
Annexes	Annex A: Biographies & Agenda Annex B: Company Brief Annex C: A Manufacturing Future For Scotland Annex D: STEM Annex E: Apprenticeships Annex F: EU Referendum Annex G: Local Economic Development – Fife Annex H: US T&I Briefing

Richard Daniel, CEO, Raytheon UK

Raytheon appointed Richard Daniel as its new UK Chief Executive Officer on 1 April 2014. Richard has a long track record in Raytheon and the defence industry which spans most of his working life. Having joined the company in 2001 he has a strong background in engineering and programme management. Prior to his appointment as CEO, Richard had responsibility of the Raytheon UK MOD and International programmes covering ISTAR, Weapons, Force Protection and Air Traffic Management Business.

Richard has a BSc in Electrical and Electronic Engineering from the University of Manchester Institute of Science and Technology.

Sinead O'Donnell, Head of HR Power and Control, Raytheon UK

Sinead has worked with Raytheon UK since 2000 and has worked in a number of different roles during that time. She joined the company as a Software Team Lead and over time moved up into a variety of roles, including Programme Manager, Organisational Learning & Development Manager and HR Central Services Manager. In April 2009, Sinead became the Head of HR for Power

and Control Business and in September 2017 additionally took on the role of interim Site Executive. Sinead has a degree in Computer Science from the University of Ulster and has completed post graduate CIPD qualifications through the University of Manchester.

Scott Turkington, Head of Finance & Interim Managing Director, Raytheon UK

Scott joined Raytheon UK in January 2016 from Scottish Water Solutions, a joint venture responsible for delivering Scottish Water's Capital Investment Programme, where he held the position of Chief Financial Officer.

Scott is a finance and business professional with over 30 years' experience in utilities, defence, aerospace and power generation sectors. Scott previously worked for Babcock Energy, BAE Systems and Scottish Water in a diverse range of finance and business roles in the UK and France. Scott has a track record of delivering business and process improvement and transformation in manufacturing, service and programme management environments; driving business and customer value.

Sen Sami, Head of Government Relations, Raytheon UK



Sen has been Head of Government Relations for Raytheon UK since April 2011. She is a communications professional with more than 10 years' experience in defence and aerospace. Prior to joining Raytheon, she undertook the role of Consultant working for APCO, a Strategic Communications Agency, providing public affairs support to leading defence contractors including Raytheon. Sen also worked for General Dynamics UK in 2007 as their Senior Corporate Manager responsible for internal communications and media liaison for Intelligence Reconnaissance Surveillance & R&D business units.

Sen served as the Industry Head of the External Affairs Board for ADS between 2014 and 2016, the UK's main trade association body representing defence, cyber, security and space industry members.

Paul Johnston, Manufacturing Director, Raytheon UK



Paul is the Manufacturing Director for Raytheon UK, leading the manufacturing organisation across the UK and ELCAN in Canada.

Paul took up the position of UK Manufacturing Director in October 2016, joining Raytheon from Heliex Power Ltd where he held the position of Operations & Technical Director. Paul has worked in several different industries throughout his career, holding senior operational, technical and business roles. These include renewables, nuclear power generation, defence & aerospace and oil & gas.

Paul is a Chartered Physicist, graduating with an Honours degree in Physics and a Master's degree in Energy Engineering.

Agenda

- 10.00 am – Minister arrives
- 10.05 am – Corporate overview presentation
- 10.45 am – Meet STEM Ambassadors and Diversity & Inclusion Team
- 11.00 am – Visit to the Power Laboratory
- 11.10 am – Visit to GPS Technology Laboratory & Air Traffic Management Systems
- 11.20 am – Demonstration
- 11.30 am – Minister departs

Contact: [REDACTED], **SDI Business Briefing Team, Telephone:** [REDACTED]

Background

The Raytheon Company, headquartered in Massachusetts, is a major American defence contractor and industrial corporation and the **largest aerospace and defence electronics company in the world**. It has core manufacturing concentrations in weapons and military and commercial electronics and is the world's largest producer of guided missiles. It employs **63,000** people worldwide with **global sales of \$4 billion in 2016**.

Raytheon UK (also known as Raytheon Systems Limited) is a technology and innovation leader specialising in defence, national security, and other government and commercial markets around the world. Key markets include Mission Systems Integration, Network-Enabled Capabilities, Mission Support and Global Training Solutions.

The **MoD is one of Raytheon UK's major customers**. The company designs, develops and manufactures high technology electronic systems and software for the MoD. Raytheon UK is also a major exporter to more than 40 countries.

Scottish Operation

Raytheon Systems Limited (RSL) in Glenrothes currently employs **around 680 people**, with an [REDACTED]. Turnover has grown over the last four years from [REDACTED], and the overall aim of the Management Team is to achieve [REDACTED]. Investment into the site from the parent company is considered on a project by project basis.

RSL bids for and receives investment from the parent company each year which normally results in the region of [REDACTED]. This is mainly to support on going R&D projects. Glenrothes re-invests [REDACTED] from its own revenues back into R&D and other projects. Major investment can be achieved through promoting RSL Glenrothes as a site for developing new R&D programmes, this can be substantial.

[REDACTED]

The key business units within Glenrothes are radar & sensors, weapons and semiconductors. [REDACTED].

RSL Glenrothes is also **looking to diversify into civilian applications** such as avionics, renewables, oil & gas, transportation, air traffic control and weather radar. [REDACTED]. As well as seeking to diversify into alternative markets, the site has a key focus to raise greater awareness in Raytheon Corporate of what the Glenrothes site does with a view to [REDACTED].

Raytheon **works closely with Universities throughout the UK** with strong links to Heriot-Watt, Strathclyde and Newcastle Universities. It has a highly skilled workforce and all employees are trained and participate in Six Sigma.

[REDACTED]

RSL conforms to all of the Scottish Business Pledge criteria, however due to corporate governance, they are unable to sign up to the Pledge.

Semiconductor Job Losses

Raytheon entered into consultation with its staff in March 2017 with a view to making 72 redundancies at its Silicon Integrated Circuits Fabrication Unit. [REDACTED]

The consultation ended on 3 May and it is expected that 44 staff will be made redundant between June and December 2017. Of the staff effected some took retirement, some were redeployed within Raytheon and others were transferred to the Lochgelly site (see below).

Recent Sale of Semiconductor Unit

RSL has very recently **sold the semiconductor unit** to a new US investor Clas-Sic. This new opportunity is being realised in Lochgelly, with the retention of over 20 jobs from Raytheon and the aim to increase this to 30 jobs in total. SE and SDI are supporting this new venture through potential RSA and R&D.

[REDACTED]

Scottish Enterprise Engagement

RSL is a Scottish Enterprise account managed company. SE has provided a wide range of assistance over many years aimed at maintaining and increasing the business activity, profitability and employment at the site. The company also engages with SDI both in Scotland and the US, at headquarters level. SDI has enabled the company to explore opportunities across a number of international markets.

The current focus of support is on the potential to develop business diversification opportunities in a number of non-military/defence areas. Recent areas of assistance include:

- SDI support for market intelligence on potential customers in Asia Pacific
- SE support for collaborative R&D projects on commercial aviation between Raytheon and Strathclyde University.
- SE support for Raytheon administration staff being re-sited offsite (Iona House in Kirkcaldy), to enable the Glenrothes site to be reconfigured to maximise manufacturing volumes.

If Pressed on SE Support – Lines to Take

- Pleased to hear that you are working with Scottish Enterprise to diversify the site's work into more non-defence related activities.
- I am pleased that SE has been able to support [REDACTED] to help future proof the Glenrothes site into 2030's.

- I understand you have been able to provide SE with more detail around [REDACTED] and are having regular catch ups with the account team.
- SE will use the information you have provided to inform decisions around potential support mechanisms which could be appropriate for the [REDACTED] going forward.
- SE will continue to work with you on this.

SDI Support to Export

The company have indicated they would like to discuss potential support from SDI to help them export to USA. Previously SDI has provided support for client development to Raytheon on their Silicon and Silicon Carbide wafer processing capabilities for potential US clients. It was focused on Sensor applications – oil & gas, aerospace, automotive, rail transportation, fire/smoke detection, identification and tagging. They asked SDI to help to make contact with potential customers identifying potential leads, network events, relevant trade shows and bodies. The project stalled out as other priorities for Raytheon UK came up.

The support available from SDI will vary on a case by case basis, by typically this can include:

- Introduction to GlobalScots who can potentially provide advice on the US market
- Introductions to DIT colleagues who can also offer market insight and introductions
- Help identify relevant US tradeshows and events that may be valuable to Raytheon
- Potential participation in a SDI tradeshow event that will be occurring over the next year
- Introduction to potential partners and trade bodies depending on their strategy
- Introductions into organisations where we have contacts
- Intro to the Raytheon Global Partnering & Trade Development group if they do not have a relationship

If Pressed on SDI Support to Export – Lines to Take

- I am pleased that SDI have been able to provide support around your work with US clients in previous years, though I understand this was not taken forward due to other priorities.
- Support available will vary for each company and each project, but can include things such as relevant introductions, participation in appropriate events and trade shows.
- SDI will be happy to discuss potential support with you.

Contact: [REDACTED], **SDI Business Briefing Unit, Telephone:** [REDACTED]

ISSUE SUMMARY

- On **15 February 2016** we launched '**A Manufacturing Future for Scotland**' our Manufacturing Action Plan (MAP) for Scotland.
- Delivery of the plan has been through a partnership approach, led by Scottish Enterprise who chair the MAP Board, with membership including HIE, the SFC, SDS, Zero Waste Scotland and the Scottish Government.
- As part of the launch the First Minister announced **£70m of funding for the circular economy**: £30m of European Structural Funds, and £40m of public sector match-funding, to 2018.

Top Lines

- There should be no doubt about **the importance of our manufacturing industry - it employs over 180,000 people** in Scotland - to our future economic success.
- This Plan reaffirms the **government's on-going commitment to growing and investing in the sector.**
- The Action Plan is based on a commitment to **raising productivity and inclusive growth** through **boosting investment and innovation** which will **increase Scotland's international competitiveness.**

The Manufacturing Action Plan will deliver:

- A new joint centre for manufacturing excellence and skills academy – a **National Manufacturing Centre for Scotland (NMIS)**. The centre will aim to **stimulate innovation, improve productivity and increase investment in the Scottish manufacturing sector** as well as **provide existing and future employees with the skills** necessary to prosper in an increasingly digital industrialisation age.
- SE and Zero Waste Scotland's **Circular Economy Investment Fund & Service** will help businesses to design new products and change their business models to increase productivity, open up new markets, create jobs and improve resilience.
- A new free **capital asset review service** to assist companies in assessing the benefits of investing in advanced manufacturing technologies and equipment, delivered through an enhanced Scottish Manufacturing Advisory Service (SMAS).
- The new **Workplace Innovation service** to provide support for firms to increase workplace innovation.
- Support more Scottish companies to achieve **supply chain excellence** by reviewing sector and cross-sector supply chain capabilities; and launching two re-shoring pilot projects.
- Deliver a **Manufacturing 4.0 service** as a PfG commitment to support businesses to adopt new technologies and integration with data and digital.

Key actions on delivery

- On Monday 11th December we announced Renfrewshire will be home to the new £65 million National Manufacturing Institute for Scotland (NMIS), with Strathclyde University announced as the anchor university. Work will begin onsite in 2018..
- On 18 March 2016, we launched the £18m Circular Economy Investment Fund for business. From this, a manufacturing focused funding call offering up to £1m was

launched in June 2017 – three applications are being taken forward and two are undergoing further review.

- Skills Development Scotland and Scottish Enterprise have undertaken a refresh of the Technology and Engineering perception study to look at sector attractiveness.
- As of November 2017, SMAS have carried out over 170 Capital Asset Reviews. The target is to deliver 600 reviews over 3 years.
- Scottish Enterprise are preparing to launch a Supply Chain Experts programme to provide dedicated support for companies on the opportunities to increase local supply chain content.
- As of November 2017, 19 Scottish based companies are receiving support from Scottish Enterprise to implement measures as a result of their Energy Savings Opportunity Scheme audits.

The importance of our manufacturing industry

- The Scottish manufacturing sector had a total employment of 180,000 people in 2016 and accounted for 7 per cent of the total employment in Scotland¹.
- Manufacturing accounts for over half of Scotland's total international exports [52 per cent], and almost a quarter [23 per cent] of exports to the rest of the UK.²

Contact: [REDACTED], **Manufacturing Policy Team, Telephone:** [REDACTED]

¹ Business Register and Employment Survey, 2016

² Export Statistics Scotland, 2015

22/12 – Key Performance indicators were published for the STEM strategy following the first meeting of the strategy implementation group on 14 December.

21/12 – Launch of the second Deputy First Minister’s Maths holiday challenge for the school Christmas holidays with results being published on 4 January.

Top Lines

- Our finalised STEM Strategy was published on 26 October.
- We have established an implementation group to oversee delivery, chaired by the Minister for Further Education, Higher Education and Science.
- Key Performance Indicators for the strategy were produced on 22 December, fulfilling a commitment made to Parliament on publication of the strategy.
- Developing Scotland’s STEM talent and capability is key to our aim of generating inclusive and sustainable economic growth and to realise our ambitions to place our economy at the forefront of the technological frontier.

Our STEM Strategy offers an ambitious and comprehensive plan to drive improvement in STEM across the education and training landscape. We will:

- Expand work-based opportunities for STEM students through an increase in college and university placements, graduate internships and apprenticeships with employers;
- Ensure that more people, of all ages and backgrounds, have access to inspiring science events and activities through our science centres and festivals;
- Grow STEM partnerships between schools and employers through the Developing the Young Workforce Programme;
- Introduce new measures to tackle inequality and inequity, including gender stereotypes, in STEM learning and careers;
- Develop a Scottish Young STEM Leaders programme to grow and spread inspiration and enthusiasm for STEM, starting in the early and primary years.

We are addressing the shortage of STEM secondary teachers.

- The proportion of school teachers that teach a STEM subject has remained between 12% and 13% since 2010.
- The next phase of our ‘Teaching Makes People’ campaign was launched in August. Its focus remains on STEM subjects as well as other hard-to-fill subjects.
- In 2017/18 we increased student intake targets for the STEM subjects for the sixth year in a row.
- We are developing a new scheme to offer bursaries of £20,000 to career changers to undertake teacher training for certain STEM subjects where the demand for teachers is at its greatest

We want to expand and improve STEM learning at school

- There were 12.2% more young people passing the full range of STEM Higher qualifications in 2017 - compared to 2007.
- We are continuing to fund the Scottish Schools Education Research Centre to up-skill primary and secondary teachers and technicians.

- A three-year £1 million fund to boost primary science learning in schools has also been made possible through partnership with the Wood Foundation.
- We are supporting Credit Union Junior Savers schemes across Scotland to support Financial Education, particularly in primary schools.
- We encourage schools and employers to work together to enrich STEM learning by bringing skills, knowledge and experience from the world of work into the classroom.

Maths is a vital skill for everyone to use and enjoy

- The Scottish Government is committed to implementing the ten recommendations in the Making Maths Count report.
- Excellence in maths and numeracy is central to the ambitions of this Government to keep improving the education of our children and young people.
- Numeracy is one of our three key educational priorities and we support excellence in Maths teaching and learning through our Maths and Numeracy National Hub and network of local Maths and Numeracy champions.
- A new Holiday Maths Challenge set by the Deputy First Minister saw all P.6 pupils receive festive-themed maths puzzles to take home for the school holiday as part of the Government's efforts to promote positive attitudes towards numeracy and maths.

The numbers of passes by girls in STEM subjects at school has increased between 2007 and 2017

- Between 2007 and 2017 the numbers of passes by girls in the STEM Higher qualifications were up by 12% but significant gender imbalances across the subjects remain.
- Through the Institute of Physics *Improving Gender Balance* project, we are working with early learning centres and schools to develop effective approaches to overcoming gender stereotyping.
- We have invested £410,000 over three years from 2015/16 to 2017/18 in this work.
- The project has shown that long-term mentoring and support and starting from the early years onwards are needed to bring about meaningful change.

We are investing in Digital Skills, including at school

- We have updated the curriculum to ensure that children and young people are building digital skills and confidence from the early years onwards.
- We will increase the support provided for computing teaching through the Digital Schools programme as part of the STEM strategy.
- Our ICT & Digital Technologies Skills Investment Plan, with £9.5 million funding since 2014, is delivering initiatives designed to ensure a future talent pipeline.
- We are encouraging extra-curricular digital skills development with £400,000 through Digital Xtra widening access to computing related activity.

Contact: [REDACTED], **Curriculum Unit, Telephone:** [REDACTED]

Apprenticeship Family - Raytheon

The Modern Apprentices (MA) 'In training' report as at [REDACTED]

Raytheon's Skills Development Scotland (SDS) Relationship Manager is [REDACTED] and she has been in place since 2013. As part of SDS work-based learning activity, [REDACTED] met with [REDACTED] of Raytheon on various occasions, between May 2016 and February 2017 to help them better understand the UK Apprenticeship Levy, and to increase their understanding of our apprenticeship family and wider work-based learning support to maximise their Levy return on investment. In addition there has been regular communications via teleconferences and email throughout the year as Raytheon review their 'early careers' strategy.

Raytheon have a genuine interest in Graduate Level Apprenticeships (GLA) Design & Manufacturing frameworks and increasing MAs priority cross business functions (not just traditional routes i.e. engineering/manufacturing).

Raytheon are also aware of the Flexible Workforce Development Fund (FWDF) and SDS has provided links to Scottish Funding Council and a key FWDF contact at Fife College to progress their application which has an engineering focus.

[REDACTED]

ADS had a Parliamentary Reception on the evening of 19 December. This was hosted by Linda Fabiani MSP, and Shirley Anne Somerville was the keynote speaker. [REDACTED] of Raytheon were on the invitation list.

Apprenticeship Family - General

- Scotland's Apprenticeship system has been developed with employers, for employers.
- There were 26,262 Modern Apprenticeship starts in 2016/17 - exceeding the annual target of 26,000. In keeping with the Scottish government's commitment to increase apprenticeship starts to 30,000 by 2020. The target for 2017-18 is 27,000 Modern Apprenticeships starts.
- The UK wide Apprenticeship Levy started April 2017 and is set at a rate of 0.5% to be paid on any employer's pay-bill in excess of £3 million.
- The Scottish Government will receive £221 million in 2017-18 as consequential from the UK Apprenticeship Levy. (This represents a net increase of £42 million in 2017/18 to the Scottish block as a result of the introduction of the Levy. Public sector will contribute approx. £73 million, net result reduction in SG budget approx. £30 million) This will come to Scotland through the existing Block Grant arrangements.
- As part of the drive to improve attainment, DFM announced an ambition that by the end of 2019, up to 5,000 young people will start a Foundation Apprenticeship, up from 351 starts during 2016-17.

- Graduate Level Apprenticeships will support the in-work development of graduates with initial activity focused on STEM with opportunities in the Engineering, Civil Engineering and Digital sectors.
- We have expanded the number Graduate Level Apprenticeships to 379 opportunities for Phase 1 in 2017 and there will be further increases in Phase 2.

UK Apprenticeship Levy

- On 14 November 2016 the UK Government announced the Scottish Government’s settlement from the UK Apprenticeship Levy, which for the most part, replaces previous funding for apprenticeships and related activity This is set out below:

	2017-18	2018-19	2019-20
Population share of levy funding (£m)	221	230	239

- Nonetheless we have been clear that all of the funds raised through the Apprenticeship Levy will be invested by Scottish Government in skills, training and workforce development to meet the needs to employers, the workforce, young people and Scotland’s economy.
- In direct response to the views of employers in Scotland, expressed through our consultation on the Levy, the Draft Budget 2017-18 set out how we will support a uniquely Scottish response to the Levy by supporting an extensive range of skills, training and employability provision.

SG response to the Apprenticeship Levy

- To ensure the Modern Apprenticeship programme to better meets the needs of the Scottish economy; measures were introduced in April 2017 and include: a rural supplement; improved public sector funding eligibility; expansion of frameworks for apprentices over 25; and, enhanced contribution rates for disabled people and those with experience of care up to the age of 29.
- The Flexible Workforce Development Fund is a new £10 million skills fund, launched 7 September 2017 and will be delivered through the college sector bringing it together with industry to better support in-work training through up-skilling or re-skilling of existing employees. The new fund has been developed with the input of employers

Equalities Action Plan for Modern Apprenticeships in Scotland

Skills Development Scotland (SDS) published its Equality Action Plan (EAP) Year 1 update on Tuesday 18 July 2017.

Contact: [REDACTED], **Youth Employment Division, Telephone:** [REDACTED]

UK Government had to give up its hard-line positions in Phase one of the talks; this shows there is an opportunity for a more sensible approach in the next phase

- The proposed agreement between the UK Government and the EU is a welcome step forward in the negotiations.
- The next phase will be significantly tougher and it is essential all the UK's Governments are fully involved in negotiations – something that has not happened to this point.
- The best outcome for jobs and living standards is to retain membership of the Single Market and Customs Union.
- Our position remains clear: The whole of the UK should remain in the European Single Market.
- However, if that was not possible Scotland should, like Northern Ireland, be entitled to a special arrangement.

We need a clear statement that transition will mean remaining in the Single Market and Customs Union – nothing less

- The Scottish Government published its analysis “Scotland’s Place in Europe” on 20 December last year.
- This remains the most detailed analysis by a government in the UK and sets out our plan for a better way forward.
- The Scottish Government will shortly set out the realistic options facing the UK outside the EU – reverting to World Trade Organisation rules, a basic free trade deal or remaining within the Single Market and Customs Union.
- Over the coming months we will also set out the new opportunities for Scotland if we stay inside the developing Single Market and Customs Union, and why it is essential that we have the ability to continue to attract workers to Scotland.

We fully support the protection of the Good Friday Agreement in all its parts and the UK Government’s guarantee that there will be no hard border on the island of Ireland.

- There is no doubt that the provisions relating to Northern Ireland raise major new questions over proposed UK-wide frameworks.
- Any special arrangements for Northern Ireland must be available to other nations of the UK.
- We will not accept any arrangements which risk putting Scotland at an economic disadvantage.
- We have already published detailed proposals for how Scotland’s place in the single market could be maintained if the rest of the UK insists on leaving.

The real risk to Scotland’s economy comes from a hard Brexit

- The Fraser of Allander report [29 Nov] on Brexit and the Sectors of the Scottish Economy reports 134,000 jobs in Scotland are supported by trade with the EU.
- The EU is the largest single market for Scotland’s international exports, with exports worth £12.3 billion in 2015 – an increase of £520 million on 2014.
- Brexit threatens to cost our economy around £11 billion a year by 2030, and result in 80,000 fewer jobs, compared to remaining a member of the EU.

- London School of Economics analysis, published in October 2017, found a hard Brexit would cost Scotland's towns and cities £30 billion over five years.
- The Brexit related fall in Sterling following the EU referendum is already pushing up prices and squeezing household income.
- OECD has also highlighted that *"In case Brexit gets reversed by political decision (change of majority, new referendum, etc), the positive impact on growth would be significant"*. (OECD Economic Survey of UK, June 2017)

I welcome that there finally has been some movement to guarantee the rights of EU and UK citizens

- But it is disgraceful that it has taken the UK Government this long, and there is still a lot more to do in phase two to provide a clear guarantee.
- In November we published our response to the UK Migration Advisory Committee's Call for Evidence on the contribution of European citizens to the UK labour market.
- Our response shows the latest evidence on the overwhelmingly positive contribution of migration to Scotland's economy, population and society.
- Our response estimates that EU citizens contribute an average of £34,400 each to Scotland's GDP, a total of £4.42 billion per year.
- NRS projections show that all of our population growth over the next 25 years will come from migration.
- Ending free movement of people in the UK will therefore have a negative impact on individuals, families and our economy and society as a whole.

The Scottish Government has fundamental concerns about the EU Withdrawal Bill and unless there are significant changes we will not recommend that the Scottish Parliament gives its consent

- The EU Withdrawal Bill represents a 'power grab' reserving to Westminster responsibilities for matters currently covered by EU law in devolved areas.
- These powers should properly rest at Holyrood after Brexit.
- The Bill also empowers UK ministers to make changes in devolved policy areas without the involvement of the Scottish Government or the Scottish Parliament. The Welsh Government has similar concerns about the Bill.
- The Scottish and Welsh governments have published amendments to enable us to recommend consent to the Scottish Parliament, which have been voted down at Committee stage in the Commons.
- UK Gov has given some indications it would consider improvements to the Bill, but has not made an explicit commitment to amend at Report stage We need in particular answers on how last month's UK-EU agreement will affect how any UK-wide frameworks would operate.
- We have published 111 "intersections" of EU and devolved competence, identified by the UK Government, which demonstrate the potential threat to the responsibilities of the Parliament.
- If significant changes are not made to the Withdrawal Bill, we will introduce a Continuity Bill to ensure the devolution settlement was protected.

Contact: [REDACTED], **EU Policy & Communications, Telephone:** [REDACTED]

Top Line: The Scottish Government is committed to working with all our partners, including Fife Council, using all available levers to ensure a supportive and diverse business environment in Fife, an environment which is conducive to delivering inclusive economic growth to businesses and communities across the region.

Scottish Enterprise Activity

- Scottish Enterprise currently account manages 102 companies in Fife, supporting them in their growth ambitions.
- SE also provides a range of direct assistance to companies in Fife beyond those who are account managed. During 2016/17, in excess of 700 companies received direct support.
- Examples of such support include;
 - 5 RSA awards totalling £905,000, creating 48 new jobs / 39 safeguarded
 - 15 companies received Investment Specialist Support.
 - 7 companies received a SIB investment worth over £1.8m.
 - 1 company received an Environmental Aid grant worth over £1.3m, safeguarding 51 jobs.
 - 7 companies received R&D grants worth over £895k.
 - 48 companies were awarded an innovation support grant.
 - 12 companies received SMAS project support and 24 have undertaken manufacturing reviews.

Fife Task Force Investment

The Scottish Government provided £6m to support the delivery of the Fife Task Force Action Plan.

PFG Local Economic Development Capital Grant Fund

Fife Council received £2.7m from the PFG Local Economic Development Capital Grant Fund 2016/17.

Business Gateway

- In 2016/17, BG Fife assisted 541 start-ups, 51 Growth Businesses and 847 existing businesses.
- Funding provided through the Scottish Government's Fife Task Force, set up following the closure of Tullis Russell to help mitigate the impact on the central Fife economy, has allowed Business Gateway Fife to take on 2 additional Advisers on a fixed 3 year contract.

Business Rates

- Last year, approx. 6,400 properties in Fife benefited from the Small Business Bonus Scheme (SBBS).
- This year the scheme has expanded to lift 100,000 properties across Scotland out of rates altogether.
- More than half of rateable properties are paying nothing this year (due to SBBS and other reliefs).

Contact: [REDACTED], **Enterprise & Cities Division, Telephone:** [REDACTED]

	Key Fact	Supporting Information
Top line	<p>US is Scotland's biggest source of inward investment and biggest export market: Exports to US at £4.6bn (\$5.64) – 15.9% all Scottish exports (2015).</p>	<ul style="list-style-type: none"> • Ernst & Young 2017 Attractiveness Survey: The US is Scotland's primary investor commanding a 35% share of FDI projects. • Scotland continues to be the top destination in the UK for FDI (outside of London) with the US again in top 5 (was top) countries investing in Scotland with 43 projects in 2016.
Economy	<ul style="list-style-type: none"> • GDP \$18.56 tn (£14.88 tn) 2016 est, \$18.27 tn (£14.65 tn) 2015 est. • Growth rate: 1.6% (2016 est.), 2.6% (2015 est.). • Unemployment rate: 4.7% (2016 est.), 5.3% (2015 est.). 	<ul style="list-style-type: none"> • The largest and most technologically powerful economy in the world with a per capita GDP of \$57,300 (£45,870) – world's 19th highest. • World's 2nd largest economy. After leading for more than a century, China more than tripling US growth rate past four decades. • Services accounts for 79.5% of GDP composition with industry (19.4%) and agriculture at 1.1%. • US firms are at, or near, the forefront in technological advances, especially in computers, pharmaceuticals and medical, aerospace, and military equipment.
SDI in market	<ul style="list-style-type: none"> • 5 offices in the US (Boston, New York, Chicago, Houston, San Jose). 	<ul style="list-style-type: none"> • Over the 6 years (to 1st April 16) SDI has secured c.14,700 jobs (of which 4,878 HVAs and 4,620 S/G) from US companies, with a combined investment c. £677m (\$830m).
• Scottish (direct) exports to US	<ul style="list-style-type: none"> • £4.560bn in 2015. • £4.575bn in 2014. • £4.295bn in 2013. • Accounted for 15.9% of total Scottish exports. • In 2015 (was 14.5% 2014). 	<ul style="list-style-type: none"> • The Top 3 sectors for exports to the USA in 2015 were: • Food and drink (£825m) – 18% of total • Financial and insurance (£740 m) – 16% of total • Professional, scientific and technical (£655m) – 14% of total
Examples of Scottish companies based/doing business in US	<ul style="list-style-type: none"> • Financial Services: Standard Life Aberdeen, Martin Currie (now owned by US HQ'd Legg Mason), Baillie Gifford, RBS (Citizens). • Renewables/O&G: Maritime Development (November 2015) and Neptune Subsea (April 2016) have both opened within Houston incubator facility. Wood Group's US operations represent its largest (34% of global headcount and 34% of revenue). 	

	<ul style="list-style-type: none">• Food and Drink: Edrington has 5 locations in the US with a regional HQ in New York.• TAE: Smarter Grid Solutions with offices in NYC are expanding into the SF Bay Area (2016).• O&G: Enerquip, Aberdeen based oil & gas supply chain company opened an operational facility in Houston (November 2016).• Other examples include Clyde Blowers, Devro, John Menzies, First Group and Optos.
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