

NATIONAL ECONOMIC FORUM – NINETEENTH MEETING : 13 DECEMBER 2017

DISCUSSION REPORT: WORKING FOR SCOTLAND: THE UK INDUSTRIAL STRATEGY

Host:

Keith Brown MSP, Cabinet Secretary for Economy, Jobs and Fair Work

Speaker / facilitator:

Mark Bevan, Scottish Council for Development and Industry;
Greg Dyke, Department for Business, Energy and Industrial Strategy, UK Government
Richard Rollison, Directorate for Economic Development, Scottish Government

Summary

The UK Government's Industrial Strategy, provides opportunities for partnership working and economic growth with the Scottish Government and its agencies, business, universities and research institutes. Initially, the discussion explored the development and key policies of the Industrial Strategy and alignment with Scottish policies and ambitions. The conversation then focussed on improving engagement and forming a partnership that works effectively to ensure the Industrial Strategy delivers maximum economic benefit for Scotland.

Introduction and Background

The UK Industrial Strategy White Paper was published on 27 November 2017. The aim of the Strategy is to help 'businesses create better, higher-paying jobs in every part of the UK with investment in the skills, industries and infrastructure of the future.' The Strategy is organised around four '**Grand Challenges**' (artificial intelligence and the data revolution; clean growth; healthy ageing; and the future of mobility). The approach to the Strategy reinforces the **five foundations of productivity** (ideas, people, infrastructure, business environment and places). There are a number of **key policies** linked to the five foundations. Key policies and associated funding of particular relevance to Scotland include:

- Industrial Strategy Challenge Fund
- Sector Deals
- City and Growth Deals

Topics Discussed

Opportunities for Scotland: Challenge Funds - it was recognised that we need to lead and co-ordinate activity quickly if we are to secure maximum benefit from the UK Industrial Strategy e.g responding to funding calls. Scotland's existing Economic Strategy sets a clear approach and the following were offered as criteria to identify where partnership working across the public, private and academic sectors might focus to put forward bids of scale for Challenge Funds:

- Demonstrable world class strengths, both business and academia
- Existing or potential skills and talent to make the most of those strengths
- Fills a strategic capability gap
- Clear benefits for Scottish supply chains
- Significant global export and/or inward investment opportunity

- Going with the grain of our existing approach to sustainable and inclusive economic growth
- Coalition of the willing (agencies, academia and business)
- Adds value to and complements wider UK strengths and supply chains
- Improves productivity (added as a suggestion from the group)

Opportunities for Scotland: Sector Deals – there was a call for clarity on the Deals e.g. a checklist to include timeline, rules of engagement, etc. It was also noted that four Sector Deals had been agreed with very limited engagement with Scottish stakeholders. In particular, there was a call for the Life Sciences Deal to be reviewed/re-opened given the strength of the sector in Scotland. Current Sector Deals reflect the Industrial Strategy Green Paper, there are opportunities for future Deals to reflect the Strategy published on 27 November 2017.

Choices – participants recognised that pursuing involvement through Deals and funding bids was not for everyone so prioritisation and likelihood of success were key considerations. However, some cautioned that backing too few may mean that the rewards are not shared widely. There should be a balanced approach which leads to prosperity for as many regions of Scotland as possible.

Equality and diversity – participants were keen to know if the Strategy will deliver inclusive economic growth for everyone/communities across Scotland and suggested this may be a ‘Grand Challenge’ which is missing from Strategy. There could be opportunities to address some issues with the ‘Strength in Places Fund’ included in the Strategy. It was suggested that some members of the new Enterprise and Skills Strategic Board in Scotland may have a role to play in the planned independent Industrial Strategy Council and can take the opportunity to raise the profile of inclusive economic growth.

Clarity and context – there was a call for a shared vision or framework between the Scottish and UK Governments for the Strategy in Scotland. This was supported by the wider group. People are keen to clearly understand the difference the Industrial Strategy will make in Scotland, when it will happen and who will be involved. Participants noted that we don’t need a separate Scottish Strategy to address this however we should be aligning existing approaches. Skills and funding were also highlighted as areas where greater clarity is required. Those involved in the implementation of the Strategy will need to assess potential impact of planned activity/projects particularly given devolved responsibilities.

Lack of engagement with Scotland – participants noted that the development of Strategy failed to fully engage universities, businesses, Agencies and Government. Participants were keen that this message was received by the UK Government and that engagement with Scotland improves to create some energy around implementation of the Strategy in Scotland. People in Scotland welcome the Industrial Strategy and are willing to work with others.

Closing Comments

There are positive conditions for the UK Industrial Strategy to be a success in Scotland. We are open to collaborative working with others across the UK but we need greater clarity on how the Industrial Strategy will be implemented in Scotland and robust assurance that proactive engagement will improve.

Scottish Government
December 2017