



OFFICIAL REPORT
AITHISG OIFIGEIL

Economy, Jobs and Fair Work Committee

Thursday 19 April 2018

Session 5



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ECONOMY, JOBS AND FAIR WORK COMMITTEE
13th Meeting 2018, Session 5

CONVENER

*Gordon Lindhurst (Lothian) (Con)

DEPUTY CONVENER

*John Mason (Glasgow Shettleston) (SNP)

COMMITTEE MEMBERS

*Tom Arthur (Renfrewshire South) (SNP)

*Jackie Baillie (Dumbarton) (Lab)

Colin Beattie (Midlothian North and Musselburgh) (SNP)

Kezia Dugdale (Lothian) (Lab)

*Jamie Halcro Johnston (Highlands and Islands) (Con)

*Dean Lockhart (Mid Scotland and Fife) (Con)

*Gordon MacDonald (Edinburgh Pentlands) (SNP)

*Gillian Martin (Aberdeenshire East) (SNP)

*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Jenny Bates (United Kingdom Government)

Rt Hon Greg Clark MP (Secretary of State for Business, Energy and Industrial Strategy)

CLERK TO THE COMMITTEE

Alison Walker

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Economy, Jobs and Fair Work Committee

Thursday 19 April 2018

[The Convener opened the meeting at 10:00]

Decision on Taking Business in Private

The Convener (Gordon Lindhurst): Welcome to the 13th meeting of the Economy, Jobs and Fair Work Committee in 2018. I ask everyone in the public gallery to turn off any electronic devices or to turn them to silent, so that they do not interfere with the work of the committee. I have received apologies from Colin Beattie and Kezia Dugdale.

Agenda item 1 is a decision to take item 3 in private. Is that agreed?

Members *indicated agreement.*

Scotland's Economic Performance

10:00

The Convener: As part of our inquiry into Scotland's economic performance, we have the Rt Hon Greg Clark, the Secretary of State for Business, Energy and Industrial Strategy, and with him, from the United Kingdom Government, Jenny Bates, the director of European Union exit and economic partnerships. I welcome both of you.

Secretary of state, I understand that you have an opening statement to make, so I hand over to you.

Rt Hon Greg Clark MP (Secretary of State for Business, Energy and Industrial Strategy): Thank you very much, Mr Lindhurst, ladies and gentlemen. It is a pleasure to be here. Thank you for inviting me to talk about "Industrial Strategy: Building a Britain for the future", in particular.

From all of the discussions that we have had, it seems to me that, around the world, this is a time of exciting opportunity for all parts of the United Kingdom. Around the world, industries are being transformed by new technologies. The ways in which we work, live and consume products and services are changing, and it so happens that the UK—and, in many particular respects, Scotland—is uniquely well placed to benefit from that. Breakthroughs in medicine, the revolution in clean energy that is taking place around the world and the insights that come from advanced manufacturing and the transition in how we get about are areas of great strength, so the approach that we have taken in the industrial strategy is to plan ahead deliberately for the future.

Obviously, that has to be a collaborative effort. If we are to have a strategy, it must be for the long term—a short-term strategy is a contradiction in terms—and the best way to root a strategy in the long term is to make it collaborative and to distil the wisdom of people in the economy, whether they are entrepreneurs, people who run companies, employees, trade unions, scientists or people who run universities and training institutions, and of the leaders of our economy, whether in the nations or in our cities. That is the approach that we have taken.

I have been very grateful for what has been a tremendous response to the consultation right across the UK, but particularly in Scotland. The white paper that we have published—I think that members have seen it and have a copy of it—is very much a distillation of the collective wisdom that came in the responses to the consultation. We will go into it in more detail, I am sure. It sets out

four grand challenges where we think we need to give a particular push and impetus to reap all the benefits of the future technological revolutions.

Also, as any good strategy must, it identifies areas of historic underperformance. It is well known that, across the economy, our levels of productivity compared with those of some of our competitors are not what they could be. The more productive we are, the more prosperous we can be and the better off our citizens can be, so the strategy addresses some of the principal drivers of productivity.

We have had, I think, good co-operation from the Scottish Government. It is obviously important that many of the responsibilities are devolved, and, where we can join forces, that helps. The four Is approach—attention to investment, to innovation, to what the Government terms inclusive growth and to internationalism—has contributed to the consideration of the strategy. Those are strong themes of the industrial strategy, and I hope that, as we implement it, this can be an area of shared prosperity.

The Convener: Thank you very much. It may be too early to say, but are there specific examples of where the industrial strategy has started to work thus far?

Greg Clark: Yes, I think that there are. Let me give two examples. We know that this is a time of particular change in the automotive sector. If we think about how the vehicles of the future—I am talking about the near future and even the present in many cases—will be powered, we see that there is going to be a big move towards powering by electricity. We are also making great strides in the global drive towards clean energy. Scotland makes a major contribution to renewable energy, and that provides a strategic opportunity to bring those things together. As everyone knows, one of the features of renewable energy is that it is intermittent, so the more we can store energy that is generated when it is abundant, to be used where it is needed, the more successful its deployment can be and the more we can bring costs down.

Through the industrial strategy, in the focus on clean growth and the future of mobility, we have made a big investment commitment of £250 million—it is called the Faraday challenge—in order to make the UK the first place in the world that not only develops the next generation of battery technology but also manufactures it. That has already attracted a huge amount of interest, and there is co-investment from across the automotive and energy sectors. It is a good example of how setting out what I think is a consensus, a clear vision and a shared long-term ambition can give investors the confidence to invest now so that we can safeguard and, in many

cases, create jobs in the present. In both of those sectors, the Faraday challenge is increasingly recognised as being an initiative that commands respect around the world.

The Convener: Thank you very much. We now turn to questions from Gordon MacDonald.

Gordon MacDonald (Edinburgh Pentlands) (SNP): What does the UK Government see as the key risks and opportunities for the UK and Scotland over the next 10 years?

Greg Clark: The opportunities will come from building on the strengths that we have and from looking at whether those strengths are going to be in demand in the future, not just domestically but around the world. What we see in Scotland, in particular, although this also applies to the UK, is that some of the particular strengths that we have are going to be in great demand. An example of one such strength is science: there is an emphasis on the fact that this is a nation of science. Some of the biggest breakthroughs in the world have come from brilliant researchers and scientists here. For example, artificial intelligence is transforming industries across the world, and some of the earliest breakthroughs in AI were made here, in Scotland.

In response to the convener's supplementary question, I mentioned renewable energy. There again, we have a long-established set of strengths. A lot of the work in renewable energy is about marine engineering, which draws on the strengths of the present and the past, whether in the offshore sector or in shipbuilding and the skills and research ingenuity that come from that.

It is about looking to what we have that is strong and making sure that we invest in it the future, both in further innovation and in making sure that the workforce has the skills to take any opportunities. We must also exploit those particular advantages internationally, and I believe that we, in Scotland and across the UK, are very well placed to do that.

What is the risk? What is the challenge? I dare say that the committee, having taken evidence and having travelled overseas, will have discovered that countries all around the world are coming to an equivalent realisation that the world is changing very rapidly. Areas that Scotland and the UK are strong in are being noticed, and a big effort is being made to emulate and catch up, in some cases.

We cannot take anything for granted or be complacent. It seems to me that we do not have a long-term and deliberate programme to increase and improve our investment in research, science and innovation, although we need to train the workforce so that they have those skills for the future. We need to be active in promoting our

products and services around the world, and we need to invest in our infrastructure. We also need to retain the strength of being a business environment in which it is possible for the new entrepreneurs to establish businesses and see them grow.

Gordon MacDonald: One of the key areas is energy, which you have spoken about. The UK depends on Europe for 44 per cent of its gas supplies and 6 per cent of its electricity supplies, and that figure is set to double by 2023 and double again by 2030. Will the UK remain a member of the European Union's internal energy market after Brexit?

Greg Clark: Such things are part of the discussions that are going on in the Brexit negotiations. What I have said on energy is that I believe that it has been a positive source of resilience and diversity in our system. For example, we have important interconnections with the rest of the EU. The UK's biggest current energy infrastructure investment is the Hinkley Point C nuclear power station, which is being built by EDF, a French company. A lot of our co-operation crosses borders. My expectation and my ambition is that we will be able to reach an agreement to continue the effective co-operation that we have at a European level, although that clearly has further to go after the March council. Now is the time when that future relationship is being discussed.

Gordon MacDonald: Does that future relationship include the free movement of people? The House of Lords report on energy security, which was published in January, refers to Hinkley Point C and says that the energy industry is relying on workers from the EU, in particular, to fill its engineering roles. The report states:

"Dependence on EU workers is particularly acute in the nuclear energy sector. ... it will be difficult to complete construction of the new nuclear power facility at Hinkley Point."

Greg Clark: The question of our future migration policy, once we have the ability to set that domestically, is a big issue that I am sure the committee will want to take evidence on separately—and, of course, it is an important part of our future relationship. It has always been clear that, following the referendum, we should be in control of that policy.

However, it is important to emphasise that no part of the result of the referendum was about saying that we should not have talented people—engineers in the case you mention—able to come and work in the UK. In fact, quite the reverse is true. If we want to be even more successful, we must export internationally in the future and have close international relationships. In the case of nuclear power, that will involve people coming to

work here, just as UK citizens work in other countries.

That is an important part of it. In all the debates around the referendum, I never encountered any view that we should be against talented people—scientists, for example—working together. Quite the reverse is true. In fact, the industrial strategy makes a commitment to expand the number of places that are available for overseas researchers in UK universities. That is clearly understood.

10:15

In the case of the project that you mentioned—there are some parallels in other areas—it is fair to say that, because it has been a long time, there has been a long pause in the implementation of a civil nuclear programme here. Sizewell, I think, was the last new nuclear power station to be built here, and a lot of people have retired from the industry, so to some extent we will have to reboot the skills that we have in the industry.

Part of taking a long-term approach, through the industrial strategy, is that, where we see areas of increasing focus—energy is one—as well as investing in those, we must think about the supply of skills. The National College for Nuclear, for example, has been established so that we can grow those skills domestically as well as have that co-operation.

Gordon MacDonald: If we are not a member of the EU internal market, what impact will that have on consumers? We already have 4 million households in the UK in fuel poverty, and the same report by the House of Lords says:

"It is likely that the UK's withdrawal from the EU will lead to less efficient energy trade, which could in turn increase the price paid by consumers for energy security."

If the House of Lords is flagging that this is a potential problem, and if 4 million households in the UK are in fuel poverty, what steps will the UK Government take to protect households from price increases resulting from Brexit and prevent more families from falling into poverty?

Greg Clark: There are two things to say, Mr MacDonald. First, as I said in reply to your earlier question, it is my aspiration and expectation that we will achieve a good agreement on energy, which is one of the areas in which agreement is evidently in our joint interest. It is an area in which a lot of the discussions operate on a technical level between specialists and between engineers who have a long track record of working well together, and the discussions that we have been having have been very positive. My expectation is that we will be able to continue to regard energy as an area of good co-operation.

Secondly, however, we have a responsibility domestically to look to the future and to make sure that we have energy supplies that will meet the demands of the population and the economy. That is one of the reasons why we have favoured diversity in energy sources, which I think is important. The committee may be interested to hear from Professor Dieter Helm, who is a great authority on energy and who, at my request undertook a comprehensive review of the future costs of energy to make sure that we bear down on the costs that consumers pay, whether they are households or industrial users.

Gordon MacDonald: You have talked about having more energy supplied domestically. One of the dependent areas is nuclear power, which supplies 21 per cent of our electricity. Will the UK remain a member of Euratom after Brexit?

Greg Clark: No. One of the consequences of leaving the EU is that we will have to leave Euratom—that fact has been established. We said at the time that the co-operation that we have had with Euratom, over the years, has been very successful, so we want to see the substance of that relationship continue. We have had some positive and fruitful discussions with Euratom to see how we can do that, but those discussions have not yet been concluded.

Gordon MacDonald: Can I finish my last point, convener?

The Convener: Do so quickly, if you can. After that, we will move to questions from other committee members.

Gordon MacDonald: The same House of Lords report states that, if the Government does not replicate Euratom's provisions by the date of departure, the UK could be unable to trade in nuclear goods and services. Does the UK have a timetable for replicating the provisions of Euratom in time to avert that?

Greg Clark: Yes. The Nuclear Safeguards Bill, which has passed through the House of Commons and is now in the House of Lords, is designed for precisely that purpose. It is obviously necessary to be well prepared, so arrangements have been put in place and that bill was introduced many months ago.

Gillian Martin (Aberdeenshire East) (SNP): I have a follow-up question about opportunities. We have just had the gender pay gap reporting—companies have been releasing their figures on that. We did an inquiry on the gender pay gap last year and we thought that although the requirement for reporting was well meaning, it did not have any action plan associated with it—we are not asking for action plans to be put in place by the companies that report.

Some of the figures that have come out have been quite stark. What are you are going to do about unleashing the productivity that could be unleashed by closing the gender pay gap? What you are going to do in terms of policy to make gender pay gap reporting a meaningful exercise?

Greg Clark: I completely agree that we should see the gender pay gap in the context of productivity, when people are failing to make use of the full contribution that women can make to our economy and our society. That is not just an injustice but a missed opportunity, and that is one of the reasons that the requirement to disclose the gender pay gap was made.

Sometimes we say that transparency has consequences and can achieve momentum, and I think that this is a very good piece of evidence in favour of that proposition. It is not the end of the road. In recent weeks—and it has been just days since the deadline—we have seen responses varying from surprise to outrage at some of the differences on display.

Gillian Martin: But no one has to act on those differences.

Greg Clark: You have already seen companies and some public sector employers increasing the salaries of women and equalising the salaries that are paid to people who in effect are doing the same jobs. You are already seeing those changes as a result of that disclosure.

Part of the corporate governance reforms that we have put in place is a responsibility on boards to set out how they are addressing the interests of a range of stakeholders, including the workforce. The gender pay gap is a very important part of that. Boards must not only disclose but set out what actions are being taken.

One of the other reforms that we are making is to ensure that companies have a representative on the board who speaks for the workforce. That could be a director appointed from the workforce or one of the non-executive directors, or an employee council could advise. Those actions are already taking place.

On the import of your question, however, we would not have required the disclosure if there was not a recognition that we want the gap to be closed. We have taken a set of actions, of which the first has been evidently galvanising, and my commitment—and that of my colleagues across government—is to do what is needed to make sure that we achieve justice and the full productive potential that lies behind the disparities that are there now.

Gillian Martin: One of other criticisms is that the number of employees that a company must have to be subject to the duty to report—250—is

too high. As a result of that, an awful lot of companies in Scotland are missed out. We are an economy composed mainly of small and medium-sized enterprises, and most of our businesses have 100 employees or fewer. Could that number be looked at again and reduced, as has happened in other countries?

Greg Clark: That number is the right start, and it has included many companies. Among the original suggestions was that the duty would apply only to listed companies—those quoted on the Stock Exchange. My colleagues took a view that we should expand it beyond that minimal requirement and that was the right thing to do. It is still very early days.

There will be—and there already is—intense interest in what the duty to report is disclosing. I am sure that this committee and your equivalent committee in the UK Parliament will scrutinise it very closely and advise whether the model can usefully be extended.

Dean Lockhart (Mid Scotland and Fife) (Con): I want to move back to the industrial strategy and how it will work in practice in Scotland, first in relation to exports.

Earlier this week, I was with Scottish businesses on a trade mission to China. As you well know, there is a massive opportunity for companies exporting from the UK. In Scotland, only 50 or 60 companies represent half of our exports, so there is a significant opportunity for us to expand our export base. One of the objectives of the industrial strategy is to encourage companies to access international markets. There is also a new export strategy being consulted on. Could you talk us through how those strategies will work together to encourage companies across the UK to increase exports?

Greg Clark: I will answer first, then perhaps Jenny Bates will flesh it out.

You are absolutely right. Throughout the industrial strategy there is a clear orientation to be more international. The opportunities in most of the technologies that I have talked about are not confined to the UK; they are firmly international. Mr MacDonald was asking about risk. The risk is that if you do not internationalise, companies in other countries will come into your market in a competitive way, so there is not just an opportunity but an imperative.

The creation of the Department for International Trade is something that gives particular prominence to that. When we finish our discussions here, we are going to an event at which the international trade ministers will be emphasising the opportunities. There are a number of ways in which that can be done. In posts overseas, raising the profile of the industries

and the sectors in which we are strong is very important. The industrial strategy has become quite a calling card. We have had to translate it into an increasing number of languages, because in posts around the world, people are asking for it to be available. As I said to Gordon MacDonald, a lot of investment and trading relationships are decided on the basis of not just a short-term calculation but whether the partner country is going in the right direction for the long term. That is important.

Your point is absolutely right. We have companies that are very well versed in exporting and we have some that perhaps have not been used to that. Just as small businesses sometimes need help and advice to grow into larger businesses, those that are dipping their toes into export markets for the first time can benefit from active Government support. We are supplying that, and the strategy that you mention is asking those companies, “What do you need from us to be able to further your efforts?” International trade is very important—it is the particular competence within Government of my colleague Dr Liam Fox—and all the different sectors in the economy and all the different places, towns and cities have a lot to contribute to it. It is an area in which we should work very closely together, and I hope that we will.

10:30

Jenny Bates (United Kingdom Government): I will add a couple of points. The Department of Business, Energy and Industrial Strategy is working very closely with our colleagues at the Department for International Trade. They are, of course, former colleagues of ours, because they used to be part of our department before they moved out to be part of the new trade ministry. As we develop and prepare the export strategy, we are focusing those discussions around the industrial strategy so that the approach to the export strategy is grounded in the industrial strategy and they are not seen as separate.

We are focusing in particular on engagement with SMEs and how we can make sure that the export strategy delivers for SMEs in Scotland and across the UK. We are working to identify not only where we think the growth opportunities are, through the traditional analysis of growth markets, but what the barriers to UK businesses operating overseas are and how we can use the export strategy to address those barriers. The strategy is in development at the moment and we are working very collaboratively on it with the Department for International Trade.

Dean Lockhart: Thank you. What struck me from my visit is that the old model of exporting through distribution channels is no longer all that important; now it is all about e-commerce, or

rather e-commerce is becoming so much more important. Can you talk us through some of the initiatives in the industrial strategy that will help support the development of e-commerce across the UK?

Jenny Bates: Yes. As part of the industrial strategy and the export strategy, we are looking at how the nature of business is changing. In the work around the barriers to trade, we see that the world has moved on significantly from the traditional tariff barriers. Trade is now much more in what people describe as the non-tariff-barrier space, which includes the regulatory structure of other countries, in which we need to come up with approaches that enable business to export.

There is a strand of that around digital trade that we are working on with the Department for International Trade. A lot of trade is delivered in a digital way through e-commerce, and we are engaging with the department on how we do that, through both the export strategy and our trade policy. Some of this is about promotion activity, but the other piece is the engagement that we need to have with other countries on their regulatory frameworks and how we can develop approaches that enable digital businesses to engage in the future. Linked to that, there is a piece around intellectual property and the protection of IP. The approach to digital is embedded across a number of the aspects of how we are engaging with the Department for International Trade on the export strategy.

Dean Lockhart: I will move on to a question about commercialisation of innovation, which is a key theme of the industrial strategy. We have seen across the UK examples of innovation from universities and other areas being bought by overseas companies or perhaps not making it to market because the support has not been in place, for whatever reason. In particular, innovation that requires long-term, patient capital has perhaps not been developed in the UK as much as it could have been.

It is great news that the industrial strategy is targeting that through the £2.5 billion investment fund that is to be run by the British Business Bank. Could you talk us through how Scottish companies and Scottish universities can access that fund and get the benefit from the long-term, patient capital that many innovative initiatives will require?

Greg Clark: Absolutely. You have put your finger on a strength, but it is also something that we have been less good at. We are brilliant at coming up with inventions and new ideas, and Scotland and Scottish universities, scientists and innovators are prominent in that. Often, however, we have let commercialisation and the manufacturing potential slip through our fingers in a way that other countries have not. The

committee knows this, but through the industrial strategy we have seen the biggest increase in research and development investment for more than 40 years: £4.7 billion. That is available for pure research—for discovery—but crucially it is also available for the D side of R and D: the development and the translation into manufacturing and commercial processes.

Part of that goes into something that we call the industrial strategy challenge fund, which is open to research and academic institutions in Scotland—as in every other part of the UK—and to Scottish businesses, if they have an idea that they need some help and support with translating. That is very important. I believe that the committee is familiar with the catapults that make a big contribution to that translation. As Mr Lockhart says, the new injection of funds into the British Business Bank is a big attempt to bridge that gap between the ideas and their commercialisation that has often correctly been diagnosed. I know that there is great interest in supporting that across Scotland, whether it is from the national Government or the local administrations.

The Convener: We will move back to Gillian Martin for a further question on a slightly different area.

Gillian Martin: It is great to hear you talk about internationalisation and the opportunities around that. I want to target my questions around one of Scotland's most important sectors in terms of trade across the world: the food and drink sector.

We have a number of products that are protected by geographical indications, such as Arbroath smokies, Stornoway black pudding and Scotch whisky, which is particularly important. We have not had any feedback from the UK Government on how that is going to be managed after Brexit and whether we will still have protected geographical status for those products. That is causing considerable concern among producers. Can you give us any indication of what is going to happen with the status of those products? How are they going to be protected?

Greg Clark: The first thing is to recognise exactly what you say—that the provenance of products is vital. It is part of what consumers want to know. They want to know where these high-quality products come from, so it is an area of huge priority for us.

It is, of course, principally my colleagues at the Department for Environment, Food and Rural Affairs who are responsible for the negotiation of that. They have not ended those discussions yet, but if you were to have the opportunity to talk to some of my colleagues at DEFRA, you will find that that is very well recognised. I think there is a complete unity of view about what is behind your

question and a determination that we will be able not just to continue to have the right protected descriptions but, as I said in response to Mr Lockhart's question, to be even more successful in marketing them around the world.

Gillian Martin: You mentioned building on strengths. Food and drink in Scotland is a major strength not just for Scotland but for the UK, given the amount of money that comes into the country as a result of the export of products, particularly whisky.

One of the trade deal negotiations that happened recently to take advantage of what we have—or, as you put it, to internationally exploit it—was with Hong Kong. I was surprised that food and drink did not feature in that. What are you doing to engage with and meet food and drink producers so that, when such negotiations are happening, food and drink is front and centre of internationally exploiting what we have in this country?

Greg Clark: I think you will see food and drink take much higher prominence than it has had for many years now in terms of industrial competitiveness. Food and drink is our biggest manufacturing industry. Historically, people have not really thought of it as a sector that is full of technological innovation, but it is. From the farm to manufacturing techniques, storage and transport, it is one of the most innovative sectors.

We formed a sector council for the food and drink industry to bring together what you will recognise is often quite a fragmented and diverse set of companies and sometimes individuals, so that we mass the voices together to sing more loudly, if I can put it in that way. What I hope and expect to see from that is a very significant sector deal. The Government has responded to proposals from a number of sectors including the automotive sector and the life sciences sector as to how we can work together and how they can be better organised.

Gillian Martin: You mentioned the automotive sector. There is a fear in the agriculture sector that, as a whole in the UK, it is probably more of a priority for you, and that the needs and wants of the agriculture sector might be bargained with as a result of deals with the automotive sector.

NFU Scotland asked me to ask you specifically whether you are going to meet it to look at the issues that it has around future trade deals with regard to food and drink. Ever since the result of the referendum was announced, it has been asking for a meeting with Dr Fox, but he has not responded to any of its letters about that. Given that food and drink is, as you say, a major sector that should be involved in the trade deals, can a commitment be made to engage more with the

Scottish agriculture sector on the many issues that it has around this?

Greg Clark: Certainly. The Scottish agriculture sector responded very well to the consultation that we had on the industrial strategy. I think I am right in saying that NFU Scotland was at a round-table event that we had at the University of Edinburgh during the consultation period, and it certainly made a substantial contribution to the consultation. I see that as important.

Some of the early commitments that we have made already from the innovation funding have been in agricultural research and its application. The automotive sector is important and so are aerospace and the advanced manufacturing sector, but food and drink, in my view, is a sector that has not had the prominence that it deserves given its current contribution to the economy, its potential and the breathtaking transformations that technology allows it to be part of.

I am certain that NFU Scotland will be prominent in the sector council and what I have encouraged to be a proposal for a sector deal for food and drink. I will make sure that it is.

Gillian Martin: There are also concerns that deals will be done with, for example, Australia with regard to beef and the United States with regard to whisky that mean that products come into the UK that do not have the same food standards or provenance rules around them. That might eat into the market for home-grown products. What is your response to that?

Greg Clark: It is an important question. That is some way down the road. You are talking about free trade agreements that have not been drawn up yet. However, Michael Gove has said clearly that the standards that we expect—of quality and animal welfare, for example—are intrinsic to what the British consumers and citizens regard as being essential. That has been flagged up as an important matter even before we get into the negotiation of free trade agreements, for the reasons that you mention.

Gillian Martin: By the letter of the law, according to the devolution settlement, GI should be devolved to the Scottish Government, but the UK Government wants to hold on to it. I see that as an issue. Why is it not automatically being brought back to the Scottish Parliament?

Greg Clark: As committee members will know, a wider discussion is going on about the right treatment between the respective Governments of powers that will come back once we leave the European Union. It is right that that is conducted through the negotiating teams that are responsible for that, rather than by me here.

10:45

Gillian Martin: There will be an impact on the industry in Scotland if it is not a priority.

Greg Clark: Of course, and it is important that industries and different sectors set out what future arrangements they would like to see. That is an important contribution to the discussions that are taking place.

Gillian Martin: Okay. Thank you.

Tom Arthur (Renfrewshire South) (SNP): Good morning, secretary of state and Ms Bates. I would like to pick up on Dean Lockhart's line of questioning on the commercialisation of innovation.

In the foreword to the strategy, you mention the challenges that we face with productivity. You say:

"we have businesses, people and places whose level of productivity is well below what can be achieved."

The strategy sets out a vision for

"the world's most innovative economy"

but, crucially, also

"good jobs and greater earning power for all".

In evidence that the committee has taken during our inquiry, we have learned that there is a barrier to businesses implementing innovations and that the key reason behind that is potentially the nature of the UK labour market—that is, there is no incentive for businesses to adopt innovations. I am keen to hear your response to that. What is the relationship between businesses showing willingness to implement innovations and employment law?

Greg Clark: There are very important connections, and I will ask Jenny Bates to add her perspective in a moment. The reason why we lay it out in the strategy in that way is that it is an important challenge. It has different dimensions to it. For example, there is a relationship between the level of technology that can be deployed and the skills that are available in the workforce. If we do not have people with the requisite skills, we can be constrained in the level of technology that we can deploy, which then has implications for productivity.

We know that across the UK—Scotland is not exempt from this—there are skills shortages, particularly in the technical engineering disciplines. We are candid about that, as a strategy ought to be warts and all, as it were, and show where we need to improve. Collectively, the profile of technical education has not been as prestigious—should we say?—as it is in some other countries that are our competitors. One of the ways in which we can deploy more technology and thereby be more productive is by making sure that we have a

more science, technology, engineering and mathematics literate workforce. That is an important contribution.

Tom Arthur: With reference to employment law, do you believe that business has an incentive to adopt innovations when the national living wage is £1 less than the real living wage?

Greg Clark: The introduction of the national living wage has been a challenge to some employers—we know that, and no doubt the committee has taken evidence on it—but I think that it was the right thing to do. In some respects, it requires greater investment in innovation so that people can be supported in their work to make use of the technology that is available.

You are absolutely right to raise your point about employment law and regulation. We commissioned "Good work: the Taylor review of modern working practices" by Matthew Taylor, who runs the Royal Society for the Encouragement of Arts, Manufactures and Commerce, for precisely that reason. One of the consequences of new technology will be different challenges to the existing model of employment. It seems to me that it is better to try to anticipate what they will be and to establish whether we need to adjust employment law to give the same degree of protection that we have wanted to provide workers with in the past—access to sick pay, for example. We know that flexibility can be to the advantage of many people but that, for some people, it can be something that they do not want.

The Taylor review is an excellent piece of work, and we have put its measures out for consultation. We are the first country in the world specifically to commission an investigation as to how we need to change employment law and regulation to be able to make sure that workers benefit from new technology and are not disadvantaged by it. That is part of the strategic approach.

Jenny Bates: One other point that came up in the evidence-gathering work that we did around the industrial strategy was about the differences between firms that operate in the same sector and the same labour market framework. There has been lots of work on that by the Organisation for Economic Co-operation and Development looking at laggard firms and leading firms, and the evidence is that individuals who work in productivity-leading firms earn more than individuals who work in firms that are not applying that innovation and diffusion.

That takes us to some of the work in the industrial strategy. We need to think about what is going on within firms that operate in the same environment if the ones with higher productivity are paying their workers more and there are others that are not doing that. There is also

something in that space about the management practices. The diffusion of ideas and technology seems not to be happening as strongly in the UK economy as it did in the past. Part of the industrial strategy, therefore, is about looking at how we can strengthen management capability and practices and ensure that the knowledge, the ideas and the ability to transfer that technology are also in place.

Tom Arthur: I agree, but I believe that we are seeing an acceleration of a trend that has been present since the early 1970s, which is a hollowing out of middle-skill, middle-income jobs. The reality is that those at the bottom end are going to require enhanced protections.

My colleague Gillian Martin adumbrated some concerns about post-Brexit scenarios, and reference was made to Dr Fox, who has described the working time directive as a “burden”. Boris Johnson has said that

“employment regulation is now back-breaking”,

including the working time directive, and Michael Gove is reported as saying that the working time directive should be scrapped. Given the bonfire of regulations that your colleagues in the Cabinet are calling for post-Brexit, what do you think that it will do for workers’ rights and what impact do you think that will have on productivity?

Greg Clark: We have been very clear, and the Prime Minister has personally been clear, that we want to maintain the high level of workers’ rights that exist at the moment. In many respects, the rights that workers have here go beyond what is available in other EU countries. If you look at the Matthew Taylor report, you will see the recommendations that we are consulting on, and they are all ways in which we want to strengthen the rights that employees and workers have and to be on the front foot in taking that initiative.

It seems to me that the future success of our economy in every part of the United Kingdom depends on it being a highly productive, good place of high standards. That is where the opportunities are in the world. There is no interest whatever in looking to reduce standards: quite the reverse. Our place is as a country in the world that is associated with high standards and high quality, and a place of confidence in which people can not only invest but work and live.

Tom Arthur: We have looked at some of the high-income sectors, but many sectors in the Scottish economy such as agriculture—fruit picking, meat processing and so on—are highly dependent on migrant labour. What impact will an immigration policy that sees the end of free movement have on productivity?

Greg Clark: First, in those relatively lower-productivity sectors, there is a challenge that we

need to address as to whether they inevitably have lower productivity. We talked earlier about food and drink, which is one such sector. In my view, there are big opportunities to increase the level of productivity and therefore the level of wages and salaries in that sector. Hospitality is another example. Those are areas that, for many years, have not been seen as parts of our industrial future in quite the same way as others. I regard them as very different. There is a clear focus on that.

When it comes to future migration policy, as I think you know, the Home Secretary has asked the Migration Advisory Committee to make an assessment of the needs of the economy, including the points that you make about different sectors. In some cases, there are seasonal requirements that change.

Tom Arthur: It is not just about different sectors; it is about different parts of the UK. Do you understand why there are calls, and why there is a need, for power over migration to be devolved to this Parliament?

Greg Clark: One of the features that comes out strongly in the industrial strategy is recognition of the needs of different industries and the different needs of different places. In its work, the Migration Advisory Committee has a remit to advise independently and objectively, and I am sure that it will publish its assessment as to what is needed. It is right that it should do that, and I dare say that this committee will then want to look at its recommendations and see how they are translated into policy.

John Mason (Glasgow Shettleston) (SNP): I have a supplementary on something that you said previously on energy storage. You stressed battery technology. We have looked at different forms of energy storage, which is obviously a challenge. We have a bit of pumped storage in Scotland, and there is the concept of an interconnector to Norway, which would allow us to store power when we have extra. There is also the concept of hydrogen, which is a way of storing energy and which can be used as a fuel. Are you open to supporting all of those, or are you very focused on batteries?

Greg Clark: I am very much open to them all. I mentioned batteries because they have a particular relevance to the automotive sector, so there is a coming together there. Of course hydrogen is relevant to that sector, too, and that is very important. Scotland has a long history of pumped storage through hydro, and that continues to be important. We know that the more storage you have, the more you can deploy renewables, the more resilient your system is and the more you can bring prices down, so we are open to that.

The reason for citing battery storage in particular is that, because of its widespread use in products as well as in the pure energy sector, we know that there is international interest in it. We have some of the world-leading innovators in the area, so we want to capitalise on that. However, that is certainly not to the exclusion of other forms of storage.

John Mason: That is great—thank you.

My main area of questioning is about regional inequalities, which is an issue that is recognised in the industrial strategy. Again, there is a European link, because Scotland, or certainly parts of Scotland, and Wales have hugely benefited from European structural funds. How do you see that going forward? There is talk of a shared prosperity fund, but we do not have much detail of that. There is concern in Scotland and, I believe, Wales about how that would be shared out and targeted.

Greg Clark: That is a very important question. On your point about disparities, throughout the industrial strategy, there is clearly a recognition that some of the challenges that we have—we have talked a lot about productivity this morning, which translates into earnings in many cases—are often challenges of composition as well as level. In other words, we have places, industries and companies that are, as Jenny Bates said, some of the most productive and prosperous on the planet, alongside some areas, sectors and companies that seem to be a long way from that.

Closing that gap is very important, and the geographical aspect of that is important, and I have always regarded it as such. That is one of the reasons why I initiated the programme of city deals in my previous role as the minister for cities and continued that as communities secretary. Structural funds have been important in that and they have made an important contribution to the work that I have done in promoting local growth.

11:00

Obviously, when the budget payments no longer need to be made, those funds will come back to the UK. We have made a commitment that there will be a replacement—the shared prosperity fund. There obviously needs to be, and there will be, an agreement between the devolved Administrations—and, given that those funds go to different parts of England in different ways, an arrangement for us in England at a more local level—about how they are used. That is recognised and understood. It is one of the main agenda items for agreement in the discussions that my colleagues and yours will have

John Mason: I accept that you cannot go into detail on what is being negotiated, but the European structural funds have emphasised

need—they have looked at whether south Wales or the Highlands of Scotland have particular needs. Roads in the Highlands have benefited from European money. Can you at least reassure us that the allocation of the money will be based on need, rather than on population or some other basis?

Greg Clark: Those are discussions for my colleagues, who will discuss and negotiate with their counterparts in the Scottish Government as to the basis of the allocations. However, I can say that it is evident in the industrial strategy that we recognise as a matter of policy and indeed long-term strategy that we want and need to reduce the disparities in economic performance between places in the United Kingdom. That recognition is made voluntarily through the industrial strategy. It is informed by evidence that has been given from Scotland, Wales, Northern Ireland and across England. The discussions and conversations are from a starting point of a shared analysis that some assistance to help areas to live up to their potential by investing in infrastructure, skills or in other areas, is very important.

John Mason: On timescale, there are commitments in the short term, but can you say anything about the longer term? Do you hope to maintain the funding at roughly the same level? A long-term commitment is quite important. My constituency is in the east end of Glasgow, where we have the Clyde Gateway urban regeneration company. With things like decontaminating land, which has been an issue for decades, long-term commitments are needed, so a one or two-year guarantee is not really enough.

Greg Clark: I understand that. I can see the benefits of having an agreed approach as early as possible, so that there can be certainty about future projects. It is right and consistent with a strategy that is explicitly long term that many of the most important uses of the funds are to give confidence to long-term investors. For example, if there is a need for land to be decontaminated, investors need to see that they can go into the area with confidence that that will be addressed.

If I may, convener, I will go back to my colleagues in the Cabinet and give you as much of an update as I can on where we have got to in the discussions and the prospective timetable. I completely recognise the need for timeliness on it.

John Mason: Thank you.

Andy Wightman (Lothian) (Green): In your industrial strategy, you talk about “Grand Challenges”, one of which is on clean growth, and you have talked about the Faraday battery challenge. Renewables are obviously one of the strengths of the Scottish economy, yet we have 7.5GW of onshore wind capacity in the planning

pipeline without a viable route to market because of the decision that the Government has made to exclude onshore wind from contracts for difference. At the end of last year, your minister Claire Perry gave an indication that that might be under reconsideration. Do you recognise that, with onshore wind, from your own Government's figures, being 50 per cent cheaper than nuclear—it is a well-established technology and it also has multiplier effects—the issue should be revisited, particularly in the context of Scottish renewables?

Greg Clark: Renewables are a big success story for the whole of the UK, and Scotland makes a particularly distinguished contribution to that. A lot of jobs are being created through the supply chain that is now being established, especially for offshore wind.

There are some choices that need to be made strategically. My predecessors in the post took a strategic decision to concentrate the available funds on offshore wind for two reasons. One is that it sends a signal that investors can invest with confidence over the long term, as I was discussing with Mr Mason, and that there is going to be a sustained commitment so that they can build facilities. That has been a success. All along the coastline of Scotland and the rest of the UK, industrial facilities have been built because of that clear long-term commitment. The other aspect is that there is a kind of miles-on-the-clock aspect to cost, in that the more you do, the more costs come down. That has been very successful, as you say.

I would not want to move away from what has been a very successful approach that has brought costs down and created jobs. Given what the industry wants, which is long-term confidence, I would not want to change that lightly. However, I would say two things. One is that, about a year or so ago, I had some fruitful discussions with Paul Wheelhouse, when we met on the Isle of Lewis to talk about the possibilities for the remote islands. People from remote islands communities from across Scotland came to that and, as a result of those discussions, we have applied for state-aid clearance in order to make onshore wind on remote islands possible, which I think addresses the concern that that is an opportunity.

We have also said that it is important that local consent is in place. As we review our energy policy—I mentioned the Dieter Helm review, to which we will respond—of course we look at the whole range of commitments that we make. However, I would not want to mislead the committee into thinking that I do not regard as successful the approach that we have taken by having real momentum on offshore wind. It is very important that we do not destabilise that progress lightly.

Andy Wightman: I do not dispute that offshore wind is successful. Your minister Claire Perry said that she was looking at whether changes could be made to the contracts for difference system, because she recognised that onshore wind is absolutely part of the future and that there are a lot of projects with planning consent in Scotland. The fact that you want to promote offshore wind does not necessarily preclude opening up the contracts for difference for onshore wind as well. You said that it was a strategic decision, but I suggest that it is more to do with the Conservative manifesto commitment not to have any more onshore wind in England, which is strictly speaking a planning matter. Can you give any reassurance to the onshore wind industry that the work that it has done, the investments that it has made and the planning consents that have been granted can yield developments?

Greg Clark: We made a strategic decision that establishing a significant pre-committed pot of money for offshore wind would allow investors to build manufacturing facilities with confidence. In response to earlier questions, we noted that we sometimes have not been good at having the manufacturing facilities and the supply chain because we have not joined up parts of the policy process. However, what has happened with offshore wind is a good example of the opposite. A decision was taken that a large sum of money would be made available for the long term, and that has achieved jobs and investment, not least in Scotland, and has brought down prices. It was strategic.

We commissioned the report from Dieter Helm. I do not know whether the committee has taken evidence from him, but he is a radical and authoritative thinker on energy matters. He made some suggestions about CFDs and how we approach that, and my colleague Claire Perry rightly said that we will consider his recommendations. We have asked for evidence, and I know that the operators of onshore wind in Scotland have contributed. We will review that and respond to it. That is the right way to proceed. However, it would be wrong not to recognise the success of the approach that has been taken, for Scotland as well as for the rest of the UK.

Andy Wightman: On sector deals, what criteria do you use to determine which sectors of the economy are those that you wish to negotiate sector deals with?

Greg Clark: We set out in the industrial strategy—pages 208 to 212—some of the criteria and some of the questions that need to be answered by a sector that is contemplating a sector deal. The issue is one for the sectors themselves.

In the consultation on the industrial strategy, we asked whether, given that sectors such as the aerospace sector have benefited from creating an established institution—such as the Aerospace Technology Institute, which has brought the industry, the big players, the supply chain and governments together round a table—the ability to create such an institution should be available to other industries and sectors. The answer in the consultation responses was a resounding yes. In the consultation, we invited some sectors to come forward to illustrate the potential of that. The life sciences sector is one such sector, the creative industries sector is another and the construction sector is a further one. The possibility is open to any sector that feels that it can organise itself and bring people together to do things in a shared way, whether that is research and development or training of the workforce. If a sector is prepared to organise and wants a relationship with us, we will consider its proposals.

We set out some of the criteria that we would look for and there has been a huge amount of interest. The food and drink sector and the hospitality sector are two areas that have responded very positively and I expect that we will be able to reach agreements with them. The initiatives are always and everywhere initiated by the sectors themselves. They are not initiated by central Government.

Andy Wightman: I understand that and I have seen the questions that you refer to, which sectors have to address. What I was asking about, though, was the criteria that Government uses to determine whether it wishes to proceed with a sector deal. Are you essentially saying that those questions are the Government's criteria and that if they are satisfactorily addressed, you will look favourably on a sector deal?

Greg Clark: Yes.

Andy Wightman: Okay. Will the sector deals be UK-wide deals for the whole sector, right across the UK?

Greg Clark: Indeed. Again, it is important to emphasise that they are proposed by the sector; they are not proposed by the UK Government. Therefore, where sectors operate across the UK, for obvious reasons you would expect them to represent every part of the UK and, in so doing, I would hope that they would bring together policymakers at the Scottish Government level and locally, where there are particular clusters. Obviously, if we are thinking of oil and gas, where I hope and expect that a sector deal will be negotiated, Aberdeen and the north-east will be prominent in that. It is for the sector to propose such a deal but, in scrutinising a proposal, one of the questions that we would ask is whether it reflects the real footprint of the industry and

whether there are any gaps. I agree with you that, in industries and sectors where there is an important Scottish dimension, that should be fully represented.

11:15

Andy Wightman: So if the onshore wind industry came forward and addressed those questions, you would consider a sector deal.

Greg Clark: We have said that any sector can propose a sector deal. I mentioned that I came up with the idea of city deals several years ago now. One of the features of city deals when they started in England was that they were not a uniform requirement for every city. Rather, there was an invitation. We said that, if there were things that a city would like to do in a different way and if it had ideas of its own, we were up for talking about that and agreeing a way forward. However, there was no compulsion and there was no requirement that every city had to have one. That approach is the same as the one that we are taking with regard to sector deals. The sector can come together to think about what the opportunities are, whether they are in R and D, training or exporting, and, if there are really good ideas and it can be shown that the sector would benefit from a good established connection with Government, we are up for that conversation. However, there is no requirement, there is no compulsion and there is no window during which a sector has to achieve such a plan.

Andy Wightman: I have a final question on a different topic.

Scottish limited partnerships have been implicated in widespread criminality around the world. The Government has made some announcements about tightening up the regulations in that regard. Can you confirm that you continue to be committed to doing that?

Greg Clark: I can confirm that—it is an issue that I recognise. We will be bringing forward proposals on that. They are under consideration and development. We will respond to the investigations and the consultation that is taking place on that.

Jackie Baillie (Dumbarton) (Lab): I want to ask about procurement. I think that there is an increasing desire, which is shared, to maximise public investment in our economy by anchoring a lot of that in the country and also, indeed, in the supply chain. SMEs make up the largest part of the Scottish economy, certainly, and some experience barriers to participation. Is there anything that you suggest in your industrial strategy or otherwise that would attempt to remove those barriers?

Greg Clark: Yes—that is a very good and important point. One thing that we have done is change the procurement rules to allow greater consideration of local and social impacts. As I said in the discussion that we had about exporting, we recognise that there are challenges for small businesses to navigate some of the established processes that bigger businesses are either used to or have enough central resource to be able to deal with. There is a big commitment in that regard on the part of Government and also, because it applies to big contractors as well, beyond that—the original equipment manufacturers should open up their contracting to simplify it as much as possible and to enable SMEs to participate in it. That is something that is part of bringing into greater prosperity some businesses that have the potential but have been frustrated in their ability to realise it.

Jackie Baillie: Let me open up the question of social impact and economic impact and specifically reference shipbuilding. I will wade through your industrial strategy. I have not yet found a reference to shipbuilding, but I am sure that I will. Of course, you appreciate the significance to the Scottish economy. There has been a recent decision—yesterday, I think—by the Ministry of Defence to put a £1 billion shipping contract out to international competition. Do you agree that it might be better to tender just within the UK so that we retain the up to 10,000 jobs that it is suggested would be created by the awarding of this public contract? It is £1 billion of our money that I, like you, I am sure, would rather see spent in the United Kingdom—indeed, in Scotland—than overseas.

Greg Clark: As I have said, as a result of the changes that we have made to procurement, we are able in a way that we were not in the past to take into account some of the social impact, and that is right.

We engage in competitive procurements. That is important for value for money for the taxpayer. We also benefit as a country—Scotland along with every part of the UK—from winning orders from other procurers of defence equipment, so it is important that we continue to be able to win bids from other countries.

The letting and management of the particular tender that you are talking about is really a matter for my colleagues in the MOD. These are obviously matters of great importance, and I think that it would be wrong for me to intrude on their very important responsibilities.

Jackie Baillie: Let me invite you to intrude because, at the end of the day, you have an industrial strategy that is the expression of the whole of the UK Government's position on growing the economy, yet you have a department of

Government with big spending power that is looking overseas to invite companies that will receive state aid to bid against UK companies. Surely you could get the degree of competition that you require within the UK, because there is more than one shipbuilding yard.

Greg Clark: Part of our industrial strategy is to be very clear that our economy and our society prosper when it is part of an international free-trading world in which we can export. A lot of our discussions are about how we can export better. I think that maintaining and, in fact, increasing, our ability to export around the world is a very important feature of our economy. That reputation must continue.

It is also important that we should have competition, not just because of the taxpayers' interest in securing value for money. Competition can be an important driver of innovation and you should always be able to make sure that you get the best product available.

These are important values in our economic environment, and it is important to promote them. What the industrial strategy does very deliberately—it is an unashamedly activist industrial strategy—is address many, if not all, of the factors that can contribute to us being successful in that regard.

The R and D activities that take place in the defence sector are among the most important in the economy. We are spending more on R and D, which helps our domestic suppliers to be more innovative and competitive. The labour force is crucial here, and making sure that we have a labour force that is trained in the skills that it needs in the future is going to be very important when it comes to the tenders, both in this country and around the world. Making sure that we have the right supporting infrastructure, including the attachment to place, which is, I think, unique in this industrial strategy compared to previous policy approaches from successive business departments, is important, in that it looks at making sure that, for example, particular clusters of excellence are supported.

There is a very vigorous and activist contribution to UK industry winning orders, but that has to be put in the context of us being one of the leading nations in the world that persuades others to reduce their barriers, to allow us to export. We have nothing to fear from that. In fact, the more markets that we can enter, the more the Scottish economy and the UK economy more widely will prosper.

Jackie Baillie: I love your explanation of the industrial strategy with regard to the clusters of excellence. I consider shipbuilding in Scotland to be one of them. The test, in my view, of whether

your industrial strategy will meet the mark is whether this contract for shipbuilding remains in the UK because, at the end of the day, we are talking about £1 billion of our money and 10,000 jobs, and that surely must count for something. I look forward to you beating a path to the door of your colleague at the MOD to convince him of the error of his ways.

Greg Clark: For the record, I recognise that shipbuilding is a very important industry. It is a feature in the industrial strategy—I cannot remember offhand which page it is. We have had a review of shipbuilding that has been conducted by the MOD, so there is a deliberate focus being placed on it. In my view, you can work with industries to enhance their competitiveness, and that is my commitment.

The Convener: Perhaps we can all review our glossy copies of the industrial strategy to see whether we can find the shipbuilding entry.

Jamie Halcro Johnston (Highlands and Islands) (Con): As a Highlands and Islands MSP and somebody from Orkney, I recognise the importance of the remote islands onshore wind and I know that, in order for people to take advantage of the opportunity, the necessary connectivity and infrastructure has to be in place. Could you give us an update on that?

I also want to ask about marine renewables. You will be aware that the European Marine Energy Centre on Orkney is a world-leading marine test centre but obviously that kind of centre requires support to attract business and development. How will the UK Government support that?

Greg Clark: It does support that. I am grateful for the question. When we had our meeting, Orkney was represented, as you might expect, and having got the state aid approval, obviously our intention now is to make available the funding pot for remote island wind. Of course, the connections are required—that comes as a logical consequence.

I am interested in and committed to new technologies, especially in renewables. Tidal, given that the coastline we have—again, it is all around the UK, but Scotland has more than its fair share of our coastline—has particular advantages. I am hoping to visit EMEC in Orkney when I get the chance to do so, to see for myself what is being done there.

One of the things that we have done is to establish, as part of the industrial strategy, an energy innovation fund that is available for technologies that may not be at the point at which they are competitive in pure market terms, but which, with more investment in R and D, can be brought up to the level at which they can be

competitive. Obviously, marine is one of the technologies that falls into that category.

Jamie Halcro Johnston: I certainly hope that you are able to visit Orkney. Neil Kermodie, I am sure, would be delighted to welcome you there. Within the sector, Orkney has a huge amount of expertise. This is an area where innovation that is tested in Scotland can be commercialised across the whole world, so that would be excellent.

Greg Clark: Absolutely.

The Convener: That more or less concludes our question session—we have limited time this morning, unfortunately, due to the chamber business commencing at 11:40, and we need to have some discussions subsequent to this session. I thank the Secretary of State and Jenny Bates for coming to see us today.

Greg Clark: It has been a great pleasure to be here. I have enjoyed the questions and the discussion, and there are some points to follow up on. We have talked about the long-term strategy, and, if the committee is interested, a long-term and sustained engagement would be of great interest to me and my colleagues, if you could bear to see us again in a few months' time.

The Convener: Thank you.

11:28

Meeting continued in private until 11:35.

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