

From: Rollison R (Richard)

Sent: 14 July 2017 22:09

To: DG Economy; First Minister; Birt C (Christopher)

Cc: [REDACTED] Nicholson J (John); [REDACTED] Twyman K (Kerry); Cabinet Secretary for Finance and the Constitution; [REDACTED] Lloyd E (Elizabeth); McAllister C (Colin); Director of Financial Strategy; Nicolson JF (John); Henderson G (Gavin); [REDACTED] Somers J (John); Maxwell S (Stewart) (Special Adviser); Permanent Secretary; DG Economy; DG Scottish Exchequer Mailbox; Rollison R (Richard); Macdonald R (Roddy); [REDACTED] Cook C (Colin)

Subject: SENSITIVE - PFG PROPOSALS - DIRECTORATE FOR ECONOMIC DEVELOPMENT

All

I attach proposals for the following 'PFG' ideas requested by the First Minister.

Invest [REDACTED] in innovation	[REDACTED]
Target EU funds on post-industrial Scotland	[REDACTED]
Establish a National Investment Bank	The FM is very keen on the principle of a National Investment Bank she would welcome advice on how this could be brought together, the outcomes it would seek to achieve and what other current projects this would replace and improve.
[REDACTED]	[REDACTED]
Focus economic development	[REDACTED]

Innovation

[ATTACHMENT BELOW]

Target EU funds on post-industrial Scotland

[ATTACHMENT BELOW]

Establish a National Investment Bank – This has already been provided by Eleanor Emberson but I am providing here again so the proposals are ‘all in one place’



[REDACTED]

Focus economic development – [REDACTED]

Richard Rollison
Deputy Director
Innovation, Industries and Investment Division
Directorate for Economic Developemnt
Scottish Government

PFG ‘BOLD’ PROPOSALS

SUMMARY

SUGGESTED PFG PROPOSAL

Invest [REDACTED] in innovation - [REDACTED]

BACKGROUND/DETAIL

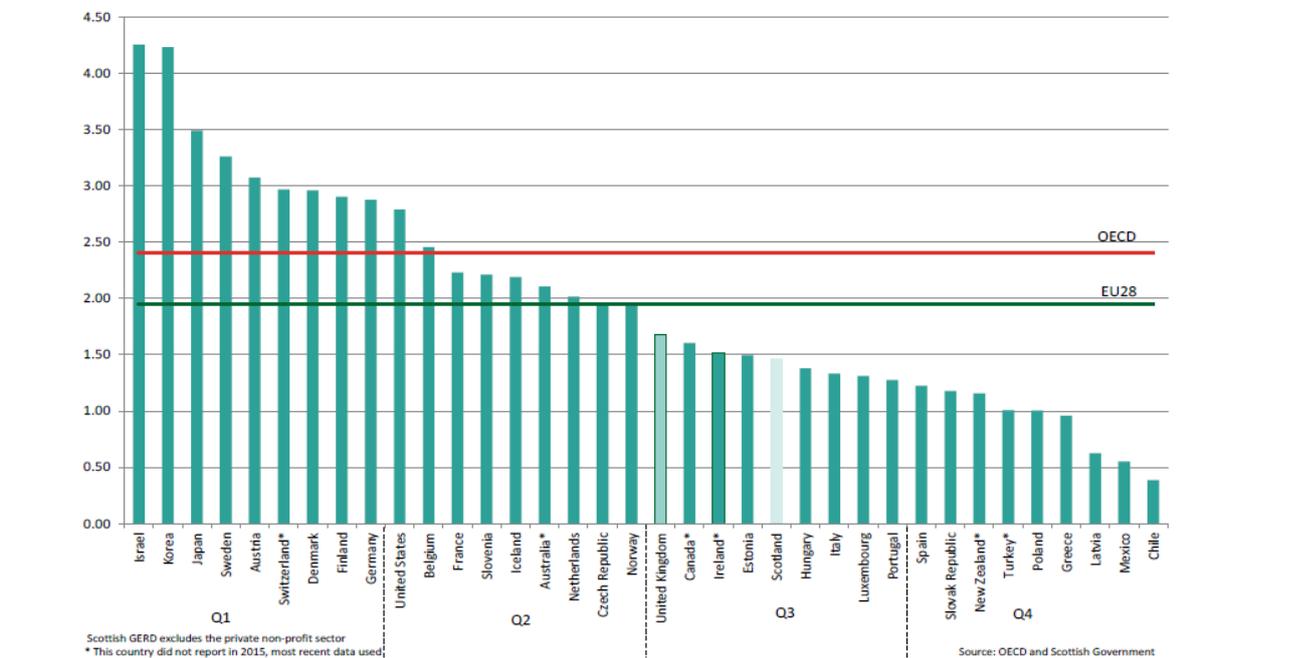
Definitions and Stats – What’s the scale of the ask?

Scotland’s current (2015) expenditure on R&D (known as Gross Expenditure on R&D or GERD) is £2.2bn or 1.46% of GDP, compared to 1.68% for the UK. GERD is made up of Business Expenditure on R&D (BERD), Higher Education Expenditure on R&D (HERD) and Government Expenditure on R&D (GovERD).

[REDACTED]

The scale of the ask is reinforced by the fact that, as illustrated by Chart 1 below, only five countries (Israel, Korea, Japan, Sweden and Austria) currently achieve 3% of GDP expenditure on R&D, and the OECD and EU averages are 2.4% and 1.95% respectively.

GERD as a % of GDP in the OECD 2015



As set out in Table 1 below, Scotland already performs well on HERD but relatively poorly on BERD. In fact, in terms of BERD spend as a share of GDP, Scotland is currently in the bottom quartile of OECD countries. Furthermore, along with Latvia, Greece and Chile, Scotland is one of only four OECD countries where the GDP share of HERD is more than the GDP share of BERD.

Table 1: R&D Expenditure by Category for selected countries, % of GDP, 2015

	BERD	HERD	GovERD	GERD
Scotland	0.60	0.75	0.11	1.46
UK	1.11	0.43	0.11	1.68
OECD	1.65	0.43	0.27	2.40
EU 28	1.23	0.45	0.24	1.95
Germany	1.95	0.50	0.43	2.87
Denmark	1.89	0.99	0.07	2.96
Austria	2.18	0.75	0.14	3.07
Sweden	2.27	0.88	0.11	3.26
Finland	1.94	0.71	0.24	2.90

Source: *Gross Expenditure on Research & Development 2015, Scottish Government*

[REDACTED]

EXISTING COMMITMENTS AND TARGETS

The National Performance Framework already includes a national indicator of ‘*Increasing research and development spending*’. This is measured in terms of the gap in our performance with the EU average in terms of Gross Expenditure on R&D as a percentage of GDP. Although Scotland’s GERD has increased from 1.19% of GDP in 2006 to 1.46% of GDP in 2015, the EU has improved at the same rate. Consequently, there has been no improvement in the national indicator.

The innovation chapter of the E&S review crystallises this ambition further by stating that:

We will build on recent improvements in our innovation performance and reduce the gap in Gross Expenditure on Research and Development (GERD) between Scotland and the EU, with a specific focus on improving our Business Enterprise Research and Development (BERD) performance year on year”.

It also includes a draft set of innovation KPIs, including GERD as a % of GDP.

[REDACTED]

Richard Rollison
DED
DD – Innovation, Industries and Investment

14 July 2017

PFG 'BOLD' PROPOSALS

SUMMARY

TARGET EU FUNDS ON POST-INDUSTRIAL SCOTLAND

DRAFT TEXT FOR PFG

[REDACTED]

DETAIL

[REDACTED]

Boosting City Deal skills delivery

City Region Deals in Scotland are delivering new collaborative partnerships focused on long-term strategic approaches to improving regional economies. They have paved the way for new forms of regional governance and the June 2017 report of Phase 2 of the Enterprise and Skills Review gave a commitment to ensuring “that every community is represented by a Regional Partnership focussed on the needs of the economy of their area”. Regional Partnerships are being established across the country, building on those city region deal areas that already exist. We will ensure that future deals utilise the inclusive growth model to inform prioritisation of projects within the deals to prioritise and evidence their impact on driving inclusive growth.

[REDACTED]

DED - E&S
July 2017

National Investment Bank

Request

Establish a National Investment Bank	The FM is very keen on the principle of a National Investment Bank she would welcome advice on how this could be brought together, the outcomes it would seek to achieve and what other current projects this would replace and improve.
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Response

[REDACTED]

Richard Rollison
Deputy Director Innovation, Industries
& Investment

Eleanor Emberson
Director of Financial Strategy

14 July 2017

PFG 'BOLD' PROPOSALS

SUMMARY

SUGGESTED PFG PROPOSAL

[REDACTED]

BACKGROUND/DETAIL

[REDACTED]

PFG 'BOLD' PROPOSALS

SUMMARY

SUGGESTED PFG PROPOSAL

[REDACTED]

BACKGROUND/DETAIL

[REDACTED]

Richard Rollison
DED
DD – Innovation, Industries and Investment

14 July 2017

From: Rollison R (Richard)

Sent: 18 July 2017 18:09

To: [REDACTED] Lloyd E (Elizabeth); McAllister C (Colin); Director of Financial Strategy; Nicholson J (John); Henderson G (Gavin); [REDACTED] Somers J (John); Permanent Secretary; Miller D (David); Brannen R (Roy); [REDACTED] Stark C (Chris); Director Digital; DG Economy; Anson S (Sam); Gil O (Oonagh)

Cc: DG Economy; [REDACTED]

Subject: RE: Programme for Government proposals

Chris

(Removing Ministers from copy list for now)

It's a bit disappointing that the [REDACTED] proposal hasn't gone forward though I'm not wholly clear from your description below whether it has or hasn't since [REDACTED] – grateful if you could clarify.

[REDACTED]

Thanks

R

From: [REDACTED]

Sent: 18 July 2017 17:29

To: [REDACTED] Lloyd E (Elizabeth); McAllister C (Colin); Director of Financial Strategy; Nicholson J (John); Henderson G (Gavin); [REDACTED] Somers J (John); Permanent Secretary; Miller D (David); Cabinet Secretary for the Environment, Climate Change and Land Reform; Minister for Business, Innovation and Energy; Minister for Transport and the Islands; Brannen R (Roy); PS/Transport Scotland; Hamilton F (Fiona); Stark C (Chris); Rollison R (Richard); Director Digital

Cc: DG Economy; [REDACTED]

Subject: RE: Programme for Government proposals

[REDACTED]

Thanks for all of these returns, they are all with the First Minister with the exception of the following:

[REDACTED – OUT OF SCOPE]

- Richard R/Colin Cook – [REDACTED] I've only given the FM Colin's work at this stage. [REDACTED]

[REDACTED – OUT OF SCOPE]

Thanks

[REDACTED]

From: Rollison R (Richard)

Sent: 23 August 2017 19:44

To: Lloyd E (Elizabeth); [REDACTED] DG Economy; [REDACTED] Anson S (Sam); McAllister C (Colin); [REDACTED]

From: Lloyd E (Elizabeth)

Sent: Wednesday, 23 August 2017 15:30

To: [REDACTED] DG Economy; [REDACTED] Anson S (Sam); McAllister C (Colin); [REDACTED] Rollison R (Richard); [REDACTED]

Subject: RE: FM's PFG decisions

I think the R&D spend...if it has clearance is the one to go with for the speech [REDACTED]

Liz

Elizabeth Lloyd

Chief of Staff to the First Minister

St Andrew's House

Regent Road

Edinburgh EH1 3DG