

Scottish Affairs Committee

Oral evidence: [Science and Scotland, HC 151](#)

Monday 26 February 2024

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Members present: Pete Wishart (Chair); Alan Brown; Wendy Chamberlain; David Duguid; Christine Jardine; Ms Anum Qaisar; Douglas Ross; Michael Shanks.

Questions 171-254

Witnesses

I: Graeme Dey, Minister for Higher Education and Further Education, and Minister for Veterans, Scottish Government, and Professor Julie Fitzpatrick OBE FRSE, Chief Scientific Adviser for Scotland, Scottish Government.

II: Andrew Griffith MP, Minister of State (Minister for Science, Research and Innovation), Department for Science, Innovation and Technology, John Lamont MP, Parliamentary Under Secretary of State, Office of the Secretary of State for Scotland, Laurence Rockey, Director, Office of the Secretary of State for Scotland, and Alexander Ademokun, Deputy Director, Place, Impact and Research, Department for Science, Innovation and Technology.

Examination of witnesses

Witnesses: Graeme Dey and Professor Julie Fitzpatrick.

Q171 **Chair:** Welcome to our ongoing inquiry into science in Scotland. Today we have two panels and a succession of Ministers, starting with Graeme Dey, the Minister for Higher and Further Education and Minister for Veterans. Minister, could you please introduce yourself and perhaps introduce Julie, and make anything by way of a short introductory statement.

Graeme Dey: Thank you for the invitation to engage with yourselves today. I am joined by Professor Julie Fitzpatrick, the Chief Scientific Adviser to the Scottish Government, and she has also represented the Royal Society of Edinburgh.

[Inaudible]—and could be very helpful to us and to the research sector in Scotland. Particularly through our universities we have a great deal to be proud of in this space. We have been incredibly successful at what we do. There is a raft of statistics I could go through—*[Inaudible.]* But of course there is always room for improvement, and that could take the form of support from the Scottish Government but also the UK Government and other agencies. *[Inaudible.]*

Q172 **Chair:** Excellent. Does Julie have anything to add, or shall we move on to questions?

Professor Fitzpatrick: Yes. I am pleased to give evidence today. I have been the Chief Scientific Adviser for Scotland for two and a half years. I obviously work very close with the Scottish Government, but I am also part of the United Kingdom chief scientific advisers—*[Inaudible.]* We meet at least once a week in terms of the work of science that we are going to discuss.

Q173 **Chair:** Excellent. Thank you both ever so much, and thank you for your kind words about the inquiry. It is an inquiry we are very much excited about and fully engaged in, and I think we have all been pleased with the progress it has made and the quality of the evidence we have acquired thus far. We had a session in Edinburgh to which we invited a number of start-ups to speak to us about the innovative work—we have that for you and will make sure you get a copy, Minister. They were able to tell us about the range and depth of the scientific community in Scotland and some of the cutting-edge work that was being done. We were knocked out by that. My first question to both of you is: how do you assess the quality and quantity of science in Scotland? What are we doing right? If you want, you can talk about some of the challenges, but we will go into some of the specifics about that afterwards. What is your general assessment of what we are doing and how well we are doing? What is your view of where Scottish science is?

Graeme Dey: Perhaps I should start, and I will bring in Julie in a moment, as the expert on this. From a layman's perspective, having been in post



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for a little under a year, I have been blown away both by the range of what has been done and by the fact that so much is at the cutting edge, and that goes right across the scientific sector. I think the evidence is clear that all our universities are conducting top-end research, and it is overwhelmingly to a very tangible purpose.

Of course, as I said at the outset, there are always opportunities to develop that further, and we are very much in listening mode to the sector. For example, three weeks ago Neil Gray, the Wellbeing Economy Secretary, as he was at the time, and I met with leading universities to discuss how we can collaborate better, both within Scotland and in terms of trying to bring in funding from outwith. We are doing extremely well at the moment, but we can always do better. From my perspective, it is really a case now of working even more closely with the sector on areas for improvement. I will bring Julie in.

Professor Fitzpatrick: I would say that Scotland clearly has a history of being a fantastic science nation that is involved in research and development across most of the key sectors. We have 18 very high-class, high-performing universities and 26 colleges, which are very important in our skills agenda for science. We have institutes. I think what makes Scottish science stand out is that although we are a relatively small country, we have a really good integrated science structure, so we are more collaborative than many other examples that I could mention.

When it comes to areas of science excellence, we have some fantastic examples such as renewable energies, health and life sciences, quantum computing and semi-conductors, some of the physical sciences, artificial intelligence, and carbon capture and storage. There are many examples of real science excellence, which I think describes our research clusters in Scotland. We are very much moving to exploiting that into the innovation agendas, and making sure that we bring investment into Scotland and continue to deliver for the public across the country and elsewhere.

Graeme Dey: I will perhaps highlight three areas where we do raise a challenge and need to make progress. One would be around UK Government policy and funding. This is not a criticism—just an observation. I do not think they are entirely alive to the different nature of the landscape in Scotland in terms of business. Our economy is much more focused on SMEs, and that is not always recognised in the offering that comes forward.

We absolutely need to maintain international co-operation and collaboration. Obviously, we welcome the fact that we are back in Horizon. However, there needs to be a recognition that this is not about flicking a switch. It will take time for our institutions to get back up to speed and to rebuild the collaborations they had. We also cannot lose sight of the fact that we want to attract the very best talent to Scotland in the research space, and to do that we need an immigration policy that is open and encouraging of that. Those are three areas where there is a bit of challenge and it would be helpful to try to make progress.



Q174 Chair: These are very strong themes, which have come out in the evidence we have acquired. There has been a real plea for a more joined-up approach between the UK and Scottish Governments, and we will touch on that.

I want to ask about the Scottish Government's national innovation strategy for 2023 to 2033. I know that it focuses on trying to overcome a number of challenges through technological breakthroughs. Could you talk us through a little bit about what you hope to achieve with this? I know you have set out some priorities; for the benefit of the Committee, could you lay them out for us and tell us what you are hoping to do with this particular programme?

Graeme Dey: There are a number of aspirations, but I could perhaps also touch on what progress we have been making in relation to those as well. The key focuses in the strategy are building successful innovation clusters, developing an innovation investment programme, supporting innovation-led entrepreneurship and commercialisation, developing a national productivity programme, and measuring impact.

These strategies are only worth while when they are delivered upon, so progress has been made on a number of fronts. Since we published the strategy, we have begun work on two flagship programmes of activity on commercialisation and investment. We published the "Entrepreneurial Campus" blueprint. We are actively working with the universities of Glasgow, Edinburgh and Strathclyde on their plans to develop the new Scottish innovation fund. Work is under way with our enterprise agencies and the innovation funding review. We believe that together, delivering on all those will deliver a very clear impact on Scotland's offering.

Q175 Chair: We have heard lots of evidence on this from the University of Edinburgh and Universities Scotland. They talked about further co-operation with the UK Government, and we are a Select Committee of the House of Commons. Can you talk us through some of the things that you have identified as where that work together could be established? There has been talk about innovation clusters—is that a possibility, for example?

Graeme Dey: I like to think that all these things are a possibility. The critical point here is that it is in everyone's interest that the two Governments work together as closely as possible, trying to avoid overlap and duplication. Sometimes, it is about culture and approach. That is not an implied criticism; I just think that if we work with and listen closely to our university research sector, and take our lead from what they are looking for, as far as that is possible, that will give us a pointer in the right direction.

One of the areas where I think we can work closely is on spin-outs. Both Governments are looking at how we deliver on that. Certainly from our conversations with our university sector, we realise that there are things that we could be doing to support them, so it would be useful to have conversations and make progress with the UK Government. In that space,

what can they offer and what can we offer, so that collectively we are supporting the university sector to the best effect?

Professor Fitzpatrick: There is much we can do, because we have been successful in Scotland in attracting an innovation accelerator with substantial funding to Glasgow, and we are very keen on the investment zones, which are co-funded by the UK and Scottish Governments. We have also got the Strength in Places fund, which is innovation funding that has been important.

I back up what Mr Dey said about certain types of funding being more difficult for Scotland to attract from Innovate UK. That is because those grants tend to be more easy to attract with big businesses and, as we have discussed, Scotland is a country with many small to medium-sized enterprises. Sometimes the funding streams are not as well aligned to our priorities as they might be for other parts of the UK, but there are lots of examples of where the innovation that is happening right across the UK is very complementary to what is happening in Scotland.

Chair: We will move on, if that is all right, due to a shortage of time. If we have another opportunity, I will ask a further question about our hiatus from Horizon. Now over to Alan Brown.

Q176 **Alan Brown:** Julie mentioned funding, but the national innovation strategy seeks to take a more co-ordinated approach to increasing Scotland's share of UK innovation funds. What does that mean in practice? What kind of additional funding are you hoping can be achieved, in percentages or whatever?

Graeme Dey: Let me see whether I have some figures for you. At the moment, one of the problems with the Innovate UK funding is that our share at 4.1% is considerably lower than, first, what we would hope for, and secondly, what we would draw down from it from other areas. That is one of the reasons why we are looking for a joint meeting between the Scottish Government, Universities Scotland and Innovate UK to explore how we can develop that further. My understanding is that they are amenable to such a meeting.

Q177 **Alan Brown:** Are there any indicative timescales for when that could start to move forward?

Graeme Dey: I should say, in fairness to them, that I think we are just in the process of writing to them and seeking that. I know there has been dialogue going on with them and Universities Scotland, and the entire sector, in fact, as to how this can be improved. I understand they are receptive to it. We intend to back that up, seeking a joint Government and universities meeting, in order to be constructive in this space. As I say, I understand that they understand the problem and are willing to have those conversations so, far from being critical, I think there is an opportunity for us to develop this further. A memorandum of understanding has been developed already.¹

¹ Note the memorandum referenced here is between Scottish Enterprise and Innovate



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Q178 Alan Brown: Okay. In the wider investment sphere, the UK Government have a plan to raise public investment in R&D outwith the south-east of England by at least 40% by 2030. By inference, that would mean more money coming to Scotland for R&D, in terms of that wider public investment. Have the UK Government raised that with yourself? Do you know how they are looking to deliver that, and increase the divergence of funding away from the south-east of England?

Graeme Dey: It is clearly a very welcome commitment to move to that. We have to play our part in delivering on it, to ensure that whatever is on offer is best suited to Scottish need. I can't say that I have been directly involved in that thus far, but I do know that there have been initial conversations, and we very much look forward to developing that in Scotland's interest.

Professor Fitzpatrick: I would just add that Scotland benefited very much from some of the levelling-up funds under Strength in Places—

Chair: I'm sorry, Julie, but could you come a bit closer to the computer you're using so that we can pick you up? We have planes going past and everything here, which disrupts us hearing you properly.

Professor Fitzpatrick: I just wanted to say that Scotland did well under a funding initiative called Strength in Places, which addressed the point that has just been asked about levelling up across the country with less investment going into the south-east of England and greater investment into other parts of the country. We really benefited from initiatives such as Strength in Places, which identified areas of excellence in science and innovation. More regional discussions on priority areas and real areas of science excellence are, I think, beneficial for Scotland.

Q179 Alan Brown: Thanks. I have one more question. Coming back to Horizon, there obviously was that pause in membership. Graeme, you spoke about how it needs to almost get put back in place. I am just wondering if you can quantify what that break in membership in Horizon really means in terms of access to joint funding and joint projects, and how long it will take to get back to where we were previously.

Graeme Dey: It is well known that Scotland more than punched above its weight in Horizon historically, and that's what we aim to get back to. I was simply making the point that it is not a case of simply flicking a switch and everything going back to where it was. A number of universities have made that point to me directly. It is not a gripe or an excuse; it's just the reality. You need to get back up to speed, and you need to rebuild those relationships, so it will take a bit of time. But trust me, there is strong willingness here to do that. The return of Horizon has been incredibly welcome and welcomed in Scotland, but it will take a little time to get up to speed again.

Professor Fitzpatrick: If I could just add that there are plans in universities and organisations to ensure that the scientists who missed out



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during that gap in funding are given the skills and the connections to make sure that they re-establish those links, which are the bases of the Horizon Europe funding.

Graeme Dey: But you have to remember, we were gathering roughly 11% of the funding with a population share of 8%, so it was an area in which we did extremely well. That is our ambition—to get back to that level of activity. It will just take a little bit of time.

Q180 **Douglas Ross:** Good afternoon to our witnesses. Mr Dey, could I start with you? Your responsibility is for further and higher education. We are looking at the overall situation with education in Scotland and at how we can encourage more people into STEM subjects, for example, but a lot of that development happens in the classroom in primary and secondary education. Yesterday, Jenny Gilruth said that she had not read the EIS report concerning the situation with teachers in Aberdeen. Have you read that report?

Graeme Dey: My understanding, Mr Ross, is that the report only reached the Government today, so I haven't had the opportunity, because I have been travelling to attend this meeting. But in your preamble there, you did touch on a very important point about STEM. That is the building block of what we are talking about today, and the Scottish Government have a number of really important initiatives in place that I think have the potential to deliver in this area. Of course, our support for science centres, science festivals, and so on, is well recognised, but we also recognise that there is a significant problem around cracking the gender problem within STEM subjects and getting more young women into that.

Every college and every university has a statutory duty to help to tackle the gender issue in STEM, but I think that we collectively have a responsibility there, and while, as I have identified, there are a number of important initiatives in place, we still have quite a considerable way to go. If I am honest, how we address this is one of the things that troubles me most in this portfolio. We are not alone on this in the world; other countries have similar problems. A review on gender balance across a multitude of disciplines was prepared for us, and it is my intention to weave that into the overall reform work that we are doing so that it is simply part and parcel of what we do.

Julie is probably better placed than I am to talk about the gender issue in STEM, but I readily acknowledge that we really need to do more in this space.

Q181 **Douglas Ross:** I am absolutely going to come on to that—*[Interruption.]* But in a moment, Professor Fitzpatrick, because I want to ask specific questions based on your previous evidence. I do really want to focus on this. Just for clarity, Mr Dey, you are saying that no one in the Scottish Government received a copy of that EIS report until today. Is that correct?

Graeme Dey: I said that it is my understanding that the report was received today.



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Q182 Douglas Ross: But we know that there are figures available publicly, such as that 42% of EIS members in Aberdeen reported violent pupil behaviour in school every day, and that more than a third—37%—said that they had been physically assaulted by a pupil. As an Education Minister in the Scottish Government, what is your response to that?

Graeme Dey: Clearly, those are concerning figures that have quoted—absolutely. As you well know, my responsibility lies with colleges and universities, but the simple answer, as it would be from the Scottish Government in general, is that those numbers are concerning.

Q183 Douglas Ross: Okay, thank you. On STEM in particular, which is where I want to focus my question, on 23 October last year, when Professor Fitzpatrick appeared in front of us with her Royal Society of Edinburgh hat on, she highlighted the ongoing lack of diversity in STEM subjects. I want to drill down a bit more on that with Professor Fitzpatrick in a moment, but, Mr Dey, how do the Scottish Government plan to address the issues that have been highlighted by Professor Fitzpatrick and almost every witness we have had to this inquiry and, indeed many of our other inquiries? You mentioned some positive movement there about work that you are going to be doing in the future, but this is not a new issue. What have you done since you took up post, and what have your predecessors done, to improve the gender balance within STEM subjects?

Graeme Dey: These are not future initiatives; these are initiatives that are already in place, Mr Ross. We absolutely recognise that women are under-represented across the majority of the STEM sectors. As I said, we are working to challenge gender stereotypes and we are providing funding to enable Education Scotland to develop a range of professional learning resources.

Looking ahead, there is what we are doing now, but there is also that longer-term piece, and that falls into my remit in the context of the reform of the careers service. We need to look at how we present STEM subjects, and opportunities and career openings for women, perhaps in a far better way. We readily acknowledge that.

There is the current work that is going on, which I accept has some way to go, but also that longer-term piece. We have to be in listening mode here. We need to hear directly from those who have been caught up in this—those who are involved in it—what it is that puts young women off getting into STEM careers. There are some interesting statistics from the pandemic that show that when we moved away from the traditional examination approach for STEM highers, the uptake by young women increased quite markedly, as did the pass rates. They went back down post pandemic when we returned to the more traditional exam approach. That is something I am keen to explore to see what lies behind that statistic, because we should leave no stone unturned in trying to find a solution to this issue.

Q184 Douglas Ross: I don't think you were being critical. I think you said in response to my first question that you were looking to launch something



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going forward. You are right to highlight what has been done to date, but is it not a reflection that that has not worked that we have Professor Fitzpatrick and almost every other witness saying that this problem is still there, is stubborn and is, in some cases, getting worse? What kind of review has been done of the actions taken by the Scottish Government to date about what has worked, what has not worked and what could be improved?

Graeme Dey: I think your question betrays a slight misunderstanding of the situation, with respect. What you find is not so much criticism from the various sectors, but a recognition that this is a stubborn problem, as you have said. Everyone is bringing forward ideas. There has been some interesting piloting work done. I am very much in listening mode. I actually said in the Scottish Parliament—I am not sure if you were there at that point—was that I was open to hearing ideas from across the Chamber.

It is not just Scotland that has this problem. There is an international issue here, and some countries are better than others. We need to be willing to recognise that we have that issue—and we do—and then be quite focused on trying to identify the causes of it and what we can do to address it. I think everyone is engaged in this in a constructive way. There have been many things tried over a number of years without actually cracking this. If you have any thoughts yourself—this is a genuine offer—I am more than willing to listen to them.

Douglas Ross: Thank you. Professor Fitzpatrick, you were looking to come in earlier.

Professor Fitzpatrick: Yes. It was really just to say that we do recognise the gender issue in STEM subjects, but I see it as certainly a national and in many cases an international issue. It is difficult to get girls to see these as career options. Within the Scottish Government, we have been linking very much with the Institute of Physics and the Royal Academy of Engineering, trying to support them in what they are trying to do with a number of initiatives across some of these critical technologies. I think there is an increasing recognition that this needs to happen in the early years, in primary schools.

One of the great things we see in Scotland is the support of the four science centres—Glasgow, Aberdeen, Dundee and Edinburgh. There is quite a lot of information that even one visit by a young person to a science centre can give them that boost. People make decisions based on single visits or experiences. I think that is something that Scotland is doing very well.

Wider than that, and not just on gender, there is a review of skills in Scotland, and I think we need to focus on skills across everyone. We need more scientists, technicians, engineers and mathematicians, and it is not all about university graduates; we need all sorts of levels of skills. That is not a gender issue but a volume issue, and that is why we need to make

sure that we continue to do as you are suggesting to try to get more young people interested in science subjects.

Q185 Douglas Ross: I think have repeated in both Parliaments, at all our inquiries, that, be it in shipbuilding in defence, in the space sector or in science, we are speaking about a limited pool that they are looking to get their talent from, and we are really going to struggle. We have so many areas where we can do really well in Scotland, but the numbers are just not there.

Finally, on STEM, and particularly the gender imbalance, back in October you highlighted the attrition rate of women leaving the sector, particularly after they have studied. What is the issue there? Our other witnesses couldn't really put their finger on why so many decided to take up a course, graduate with qualifications, and then not go into the sector. What are the Government or advisers looking at to keep more people, and particularly women, in the sector once they have gone through that education process?

Graeme Dey: Attrition rates are something we are looking at very closely in general. If you look at apprenticeship attrition rates and college attrition rates, there is a problem there. I think part of it is people not fully understanding or fully appreciating the nature of the career path they are going down. That will not be the case with everyone, but it is with some. For the longer-term piece, one of the things we are looking at is trying to build in more to our careers offering a degree of work experience, if you want to call it that—tasters of these courses—to better help people understand if it is really for them.

In the STEM space, and with women in particular, it is really important—and there is perhaps a challenge in there—that we actually spend a bit of time engaging with the individuals who have dropped out to fully understand why that is the case. That is perhaps a takeaway from this exchange for me to take forward, because we need to better understand why we have that issue.

Douglas Ross: Thank you, both.

Q186 David Duguid: Thanks to both Mr Dey and Professor Fitzpatrick for coming along today, albeit virtually. I apologise to the Committee for being a little bit late—you guys on screen probably didn't see me sneak in.

I want to up on what Douglas Ross said about the other inquiries this Committee has done on issues like defence, energy and space. Those are all policy areas that are reserved to the UK Parliament, but in each one of those inquiries witnesses told us about exactly what we have just been talking about: the issue of getting STEM-qualified people from right across the United Kingdom. What proactive moves have the Scottish Government been making in working with the UK Departments for energy, defence and education to try to expand on that available pool?

Graeme Dey: We have plans quite shortly to launch a talent attraction programme. We do not seek to mask the fact that many of the talented



people we already attract are coming from elsewhere in the UK, and we will continue to tap into that market. You are right to highlight this. There are short-term problems that these sectors have identified, and we are engaging very closely with them on that short-term piece—we have to do that. But there is also the longer-term piece we are working with them on, which is to build the indigenous talent pool, if you want to call it that. That includes the whole careers offering and how we encourage more young people into these areas. There may be an element of reskilling and upskilling in there as well. So I can assure you that there is considerable conversation going on with these sectors, and others that we could talk about, to look at the issue.

Within all of that work, we are being very careful to differentiate between skills shortages and workforce shortages. You will appreciate that there is a key difference there. All the portfolio colleagues I am working with on this are doing a piece of work about differentiating between the two. We are also doing that work directly connected to universities and colleges to identify what specific qualifications and skills the employers need and whether we are currently in a position in our institutions to deliver that. If so, let's get on and do it; if not, how do we identify a mechanism for providing that training? In some instances, that will involve employers. We know what we need currently in terms of skills, and we should be able to deliver that, but if we are looking to the next five, 10, 15 years as a horizon, what sort of changes will there be in the skills ask, and how do we ensure that, for example, the degree qualifications on offer meet the needs of these employers?

David Duguid: Thank you.

Q187 Christine Jardine: Thank you both for joining us. Can we move on a wee bit to the funding model for research organisations and universities? Do you think that the research excellence framework is the best way to determine the allocation of research excellence grant funding?

Graeme Dey: You have to have a formula of some kind. I am sure that some people would find reason to find fault with it, but others would consider it to be the most appropriate way to go forward. I feel that there needs to be some improvement through working with the sector to make it less bureaucratic than it currently is, and I know that view is shared elsewhere. We need to make this easier to access, but there must always be some sort of measure of standard of performance. Of course, within that, there will be winners and losers. I am interested in whether the Committee has had any recommendations on an alternative to the framework.

Q188 Christine Jardine: No, to be absolutely honest, we were rather hoping that you might have some ideas on the format, being the specialists rather than ourselves. We have heard that the existing funding mechanisms are perhaps better suited to big businesses. You said yourself that there can be winners and losers, and that puts SME-dominated research at a disadvantage. Do you recognise that, and more specifically, do you feel that it works for the universities?



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Graeme Dey: I haven't heard anything to the contrary. On the list of things that universities raise with me, that is not something that has featured. As you might imagine, they raise a lot of items with me. On the point about SMEs, that is an important issue. I want to take that away and reflect on the extent to which the framework takes into account the specifics of the Scottish economy. I am not aware that it doesn't, but we will reflect on that because it is a fair question.

Professor Fitzpatrick: No system is perfect, but the research excellence framework is considered internationally as a good way of objectively assessing the performance of organisations. It focuses on outputs and impact, not on activities, which is key. It is good that it does that. There is an increasing emphasis in the REF on impact—or, in other words, how society benefits from the outputs of universities. I think that is a good thing. There is a move to take more recognition of the culture and environment of universities, which, again, is a good thing. They are looking at diversity, and at universities' broader social and economic impact—that is part of the assessment. In general, it has a lot of benefits.

On SMEs, it is harder for some of our Scottish universities to get the very big grants that some English counterparts will get because they have businesses in their cluster areas. It makes it more challenging for research income generation, which is also assessed through the REF. But Scotland still does very well indeed because we have excellent universities, and they attract funding from international businesses—not just local businesses but commercial businesses around the world.

Christine Jardine: Thank you.

Q189 **Michael Shanks:** Thank you both very much for your time this morning. I want to follow on from Christine by asking specifically about the regional innovation fund, which I think was about £60 million on a UK basis. Maybe you can correct me, but I imagine that about £6 million of that has come to Scotland. I am wondering specifically what the Scottish Government's proposal is for spending that money, and whether an element of it will be spent on teaching in universities rather than directly on research, which is what it is being spent on in England. I just wonder whether you have any idea at this stage.

Graeme Dey: Scotland's share of that was £5.8 million, if I remember correctly. That was passed to universities a few weeks ago with a view to conducting research in line with the type of thing they do. There was a reference to some degree of focus on education within that.

Q190 **Michael Shanks:** I am asking because the regional innovation fund was set up specifically to fund innovation activities. I am just wondering whether that money has been passed directly to universities for that purpose or whether there has been any connection with other outcomes for the Scottish Funding Council.

Graeme Dey: It is directed to drive innovation, and it was passed from the SFC to our universities. I know from my conversations with



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Universities Scotland that that money will be put to good and effective use—be in no doubt about that.

Michael Shanks: On the same topic, around other funds, in terms of the flexible workforce development fund—*[Interruption.]* Can you hear me okay, Mr Dey?

Graeme Dey: Sorry, the sound's coming and going—that's why I'm making faces.

Q191 **Michael Shanks:** No, it's fine. There is not a microphone right in front of me so it may be our end—apologies.

On the flexible workforce development fund, Colleges Scotland has said that the cut in the budget this year will mean 45,000 learners missing out. This is particularly important for science, because often a lot of these learners are the people who will become the technicians and the lab assistants that drive a lot of this innovation. What is the thinking behind the Scottish Government's decision to cut that funding completely?

Graeme Dey: Necessity, Mr Shanks. It was unavoidable. In the context of the current financial year, we had hoped, despite the massive budget challenges, to deliver a fund of some amount, which perhaps backs up your point about its importance. In the context of the current year, it simply has not been possible to deliver that.

This is without doubt the most challenging budget settlement situation that we have found ourselves in since devolution began. It is a regrettable decision from my perspective, but it has been necessary. In the context of going forward, as part of the reform agenda, I am looking actively at what we might be able to do in that space as we move forward through the next few years. I recognise the importance of this fund and how it has been utilised by our colleges and others over recent years. It is not something that we particularly wished to do, but it has been unavoidable, unfortunately.

Q192 **Michael Shanks:** Related to that, it has been quite difficult to track down how the apprenticeship levy has come back to Scotland. Do you have an idea of how much money has come into Scotland under the apprenticeship levy? Do you have any kind of top level on how that has been redistributed?

Graeme Dey: The honest answer to that is that we do not know how much comes back to Scotland. Since it was consolidated in the block grant, it is impossible to tell. The numbers that I have seen on a UK level have shown the spend in England coming down as well, from the level it was at.

What I can say to you is that we spend a very substantial amount of money on apprenticeships. It comes in two forms, currently. One is the fees that are paid out, which are the moneys that you would automatically associate with apprenticeships. Then, of course, there are the credits that are provided to colleges, which they draw down where they are providing the training. Put together, those are two very substantial amounts. We



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intend to consolidate those two sums of money in one location, not only to provide better value for money, so we get more bang for our buck, but for transparency, so we can properly understand the cost of apprenticeships.

As I am sure you appreciate, different apprenticeships come at different costs. For example, if you are providing stonemasonry apprenticeships, there are additional sums associated with that because of the kit that you require, perhaps set against retail apprenticeships. I want to develop a much more transparent model that will give people a clearer idea of what is involved in apprenticeships.

Going forward, we will also focus more on the needs of the economy. We are trying to identify the key priorities. There will always be things that you require to do in the apprenticeship space—absolutely—but what are the key needs of the Scottish economy that need to be prioritised within the apprenticeship offering?

To go back to your original point, I cannot give you exact numbers, but from the figures that I have seen I am satisfied that we spend—if we were to be getting a population share of the apprenticeship levy—a very substantial amount of money in that space on apprenticeships. I think we could spend it more effectively, which is what we are looking at now.

Q193 Michael Shanks: Thank you for that. I asked the question because it seems strange that across the whole of the UK, there is no clear breakdown of where the apprenticeship levy goes. I know that questions have been asked about it in Scotland as well, so I wanted to see whether it was the same picture.

Graeme Dey: Just to be clear, Mr Shanks, there are, of course, fundamental differences between the two systems. This is not to sit in judgment on their merits, but non-levy payers in Scotland can access apprenticeships in a way that they cannot in England.

One of the things that I am keen to explore further is how we improve access to apprenticeships for SMEs. I have seen conflicting numbers about the access to apprentices for these types of businesses, and I am keen to get to a place where we can better support them, because it is self-evident that when you have an economy that is so predominated by SMEs, it is important for the future wellbeing and strength of those companies that they have a continuation of workforce behind that.

Q194 Michael Shanks: This question touches a bit on the point about the funding pots that are available to people and whether there may be a need for a more localised model. Do you think the current balance is right between the local funds that are available and the more national funds like the REG?

I suppose there is a supplementary question about whether some of the existing funding schemes, such as the one that goes through the Royal Society, might be another route we could go down, or whether we could expand that route slightly. We have heard from some researchers that more locally distributed pots might make it easier for them.

Graeme Dey: To understand your question, at the start of it were you talking about localised funding for apprenticeships, for example?

Michael Shanks: Just for research and innovation generally. It could be further education or higher education, but just the funding that is available.

Graeme Dey: In the research space?

Michael Shanks: Yes. One of the pieces of evidence from the Royal Society of Edinburgh said that smaller funding pots would allow “more local priorities to make it into research fellowships and small project grants, but the amount of funding is extremely small” because it is “overapplied for” in national schemes. I am not suggesting that one is right and one is wrong; we are trying to understand whether the balance is right.

Graeme Dey: I’m not going to put Julie on the spot—she represents the RSE when wearing a different hat.

Michael Shanks: I know she’s not here with that hat on.

Graeme Dey: I guess it is an interesting question. One can look at the number of funds that come into our Scottish institutions from elsewhere, which then have an impact locally, and there is a stat about the 15-mile radius impact of a lot of the work of our universities. There is a balance struck there. It is not something on which I have had the universities come to me and ask, “Could we look at that?”, but I am amenable to having those conversations if they felt that was worth while. It has to be said that our universities have a very local impact as well as a national one and an international one.

Professor Fitzpatrick: Our universities are not distributed evenly across Scotland, but there is a reasonable distribution. We have universities such as the University of the Highlands and Islands, which has multiple campuses, and similarly the University of the West of Scotland. Another source of local and regional funding is through our enterprise agencies—Scottish Enterprise, Highlands and Islands Enterprise and South of Scotland Enterprise, which is our new area—so local research and innovation moneys can also come through those routes as well as through the universities. I am not just saying it because I am from the RSE, but of course the Royal Society of Edinburgh does have some funding that comes from the Scottish Government, which they spend on specific initiatives, some of which are local and some of which are international.

Graeme Dey: In addition to that, you have the city region and regional growth deals, which are directly connected to individual universities and localities, quite successfully. There is a bit of that going through, but in the context of your original question, it is not something that has overly been raised with me until now.

Michael Shanks: Thank you.



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Q195 Chair: On that very point, Professor Fitzpatrick, we have heard very positive things about some of the funding allocations that the Royal Society of Edinburgh has been giving to science projects across Scotland. I don't know if the Minister feels that there may be a need to look at further such pots, to see if we can get a more balanced approach to funding investment in science projects in Scotland.

Graeme Dey: I am sure the RSE would appreciate your question, Chair—no doubt they would like to have funds to distribute.

I hesitate to say this, because it sets hares running, but I think we are in a space in the post-16 education arena where we ought to be open to considering any sensible suggestions if we can demonstrate that they have benefit. I have said since I came into post as Minister that we need to have a can-do attitude and a willingness to consider sensible proposals that come before us. If someone can come to me and make a case within the existing funding envelope that would allow us to do that with no detriment to important things that we already fund, of course we would be amenable to considering that.

Q196 Chair: Lastly from me—I know you were keen to talk about this—I will give you an opportunity to give your view on where we are with the spinout issues. The complaints that have been brought to our attention, in the sessions we have held and the evidence we have acquired, have included a lack of infrastructure, particularly lab space. There has been a mixed response about support, when it comes from the universities, about who people would go to in order to discuss the operations around the spinouts. There are issues to do with intellectual property, who owns it and how it is shared. What are your views on that? What more can you do to support spinouts across the university sector?

Graeme Dey: In my time in office, I have certainly seen at first hand some fantastic spinout projects that have been hosted and developed by our universities.

The point that you raise about lab space has been highlighted to us. In fact, a few weeks ago when Neil Gray and I met with the universities, that was one of the topics of conversation. We have undertaken to work with them closely to see what we could do to better facilitate innovation in the spinout start-ups. What can we provide by way of infrastructure? What can we help to create by way of infrastructure? Ultimately the individual universities are in charge of the offering that they make.

These are developing themes in a multitude of localities. Glasgow, for example, invested heavily in a fantastic facility, but when I visited it a few months ago, it was already full and they were working on what would happen next. There were available posts up to a certain point, but then they needed additional space beyond that.

Of course, there is that bugbear about how we have tended in Scotland to take start-ups so far and then lose them to elsewhere, so we need to look closely at what more we can do in terms of pulling in international



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investment so that they can continue to develop in Scotland. We absolutely recognise that. *[Interruption.]*

Q197 **Chair:** Sorry: I know we have a delay on the line. The other thing that we heard very positive things about was the role of Scottish Enterprise in helping commercialisation and helping to scaling up. I am just wondering how we bring all that together: the activity in the universities—*[Interruption.]* The delay seems to be getting worse.

On Scottish Enterprise and the engagement with the university sector itself, I wonder what more could we do to pull that together and support spinouts in the commercialisation of IP.

Graeme Dey: That is a very timely question, Chair, because that is what we are currently looking at with the universities and our economy colleagues. How do we bring all that back together to better effect? I have to say that the meeting that we had was entirely constructive; there was no, “We should be doing this or that” in a negative sense. We were looking at the positives of what we do and how we take those things forward. I am certainly committed, as I know ministerial colleagues are, to working closely with the university sector to better cash in on this opportunity.

Chair: Lastly, we have a very quick supplementary from Douglas Ross.

Professor Fitzpatrick: Can I add something?

Chair: Sorry, Julie, but we do not have much time. I know that Douglas wants to come in with one last question before we get UK Ministers in.

Q198 **Douglas Ross:** Thank you, Chair. This is on the back of Professor Fitzpatrick rightly praising the University of the Highlands and Islands. One of its campuses is in my Moray constituency: Moray College, based in Elgin. My postbag is full of concerns from staff whose jobs are under threat and from students whose courses may be discontinued and whose opportunity to study locally may no longer be there.

Mr Dey, what is your response to the situation at Moray College at the moment? What can the Scottish Government do to assist those who are currently studying there and those who want to study there in future?

Graeme Dey: Two strands are currently under way in relation to Moray College, Mr Ross. UHI itself has been actively engaged in supporting the college; the SFC has also been extremely active in that space, working with the college around its needs. There is no doubt that we need to get that college and others on a more sustainable footing. I can give you the assurance that in both instances there is some considerable work going on behind the scenes to assist the institution to get it into better shape.

Douglas Ross: Thank you.

Chair: Thank you, Minister, for joining us today. It is good to see you again, Professor Fitzpatrick. If you think of anything further that will usefully contribute to our Committee, please get in touch; we will be happy to receive any representations.

I think we managed to get beyond some of our little technical difficulties and get everything that we require. Thanks for attending today.

Examination of witnesses

Witnesses: Andrew Griffith MP, John Lamont MP, Laurence Rockey and Alexander Ademokun.

Q199 Chair: Welcome back to this ministerial session of the Scottish Affairs Committee, this time with UK Ministers. Will you introduce yourselves and the colleagues accompanying you. Minister Griffith?

Andrew Griffith: Good afternoon, Chair and Committee members. I am Andrew Griffith, Minister at the Department for Science, Innovation and Technology. My responsibilities are science research and innovation.

John Lamont: Good afternoon, Chair and Committee. I am John Lamont, Parliamentary Under-Secretary of State at the Scotland Office—Minister for Scotland.

Chair: And your colleagues, please? We are familiar with you, Mr Rockey, but please introduce yourself for the record.

Laurence Rockey: Good afternoon, Chair and Committee. I am Laurence Rockey, director of the Scotland Office.

Alexander Ademokun: Good afternoon, Chair and Committee. I am Alexander Ademokun, deputy director for place, impact and research at the Department for Science, Innovation and Technology.

Q200 Chair: Excellent. Thank you very much for your very concise introductions.

I have to say, I think this has been a very positive inquiry. We have received lots of good evidence and engaged directly with a number of scientific projects, break-outs, spinouts, and the university sector. We are finding quite a healthy, productive environment in Scotland for science, based on our centuries-old tradition of innovation, creativity and invention. It is good to see that it is in reasonably good condition.

We are wondering why Scotland has 11.4% of researchers in the UK indices, but 5.9% of Innovate UK funding. Why are we getting such a low proportion of the funding, and why is it is not least at meeting our population share?

Andrew Griffith: Thank you, Chair. If I had made an opening statement, it would be very similar to your own about the ingenuity, innovation and contribution to science of Scotland.

It is important to understand the way that funding generally works—this is true across almost all the funding councils and most funding—which is that it is contestable. You have to apply for it in order to receive it. That is

often the biggest hurdle, and the best place to look if we all share the aspiration of Scottish businesses and institutions getting a greater share.

Anticipating your question, I did look at the statistics. If you look at application data, when Scottish entities make an application—this relates to Innovate UK—the success rate is 26.5%. The success rate for the UK as a whole is 23%, so Scotland is punching above its weight, and in London it is down to a mere 19%. If you look at it overall, researchers in Scotland are more successful with their applications to UKRI, the biggest source of funding, than those in England—it is 32% for Scotland and 27% for England. When they do apply, not only are they more successful, but they tend to get more of the money they apply for, at 33% versus 30%. To put it very bluntly, Chair, when Scottish institutions apply—when they compete, when they show up—they do very well. Let us have more of them showing up.

Q201 Chair: Okay, so it is their fault for not making these applications, and if there were now a glut of applications following this exchange they would be looked at very sympathetically by the UK Government.

Andrew Griffith: Well, the data certainly suggests that the independent funding councils—to be clear, not this or any other Minister but the independent, peer-reviewed funding councils—do indeed support those applications at a high propensity.

Q202 Chair: I would be anticipating and expecting a whole range of applications flooding into your Department as we speak.

There has also been talk that Innovate UK could do more to co-ordinate funding projects with other organisations. We heard about Scottish Enterprise and Highlands and Islands Enterprise. What are the UK Government doing to support a more joined-up approach to that type of funding?

Andrew Griffith: I hope there is a joined-up approach in every part of the United Kingdom. The big challenge can be awareness, and I am certainly happy, with my officials, to take this back and think about whether there is anything more we can do with any of the organisations or others that you talk about to drive awareness.

Innovate UK is coming up with, effectively, a one-stop shop. I accept that across all of the research establishment, it can somehow be hard to know where to go, so Innovate UK is doing a lot of work to present more of a one-stop shop, particularly for small and medium-sized enterprises, which we want to be the biggest beneficiaries. If there are any institutions that would like to be part of how we can campaign and drive awareness of Innovate UK, as I say, I and my officials are very happy to do that.

Q203 Chair: Lastly from me, because I know I do not have much time with you this afternoon, gentlemen, there will be lots of pleas for more joint working between the Scottish Government and the UK Government. We just heard from the Scottish Government Minister, and I think there is a readiness and keenness to secure and achieve that. I wonder what your



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view is about working together with the Scottish Government, how much of a success that has been and what more could be done to ensure that type of collaboration across the UK.

Andrew Griffith: There are plenty of examples of where we are collaborating with the Scottish Government and many other types of institutions, whether they are centres of research excellence or, of course, the finest Scottish universities, which do prodigiously well out of the funding system. The whole sector—the whole premise of research and innovation—is based on collaboration. No one in my Department would seek to raise any artificial barriers to that—quite the opposite. I myself will be visiting both Glasgow and Edinburgh shortly and trying to meet with some of the leading institutions in both of those.

Q204 **Chair:** Thank you. I think that we need to hear from Minister Lamont in the Scotland Office. What are you doing? What is your role in bringing that joint approach together and ensuring that we are all joined up?

John Lamont: It is absolutely key that the UK and Scottish Governments work together. That is what our constituents want and what the sector wants. When we work together, there are many examples of the success that we can achieve, which I am sure we will explore across the next hour.

Chair: Of course we will. I will now pass on to Anum Qaisar.

Q205 **Ms Qaisar:** Thank you, Chair. Thank you to the panel for joining us today. In the interests of time, I will come to John first; if anyone else wants to chime in, you are more than welcome to do so. In Scotland, SMEs account for 99.4% of all private businesses in the science sector, yet the Committee has heard that SMEs often struggle to apply for the current funding schemes. What are the UK Government doing to ensure that Scottish researchers are not disadvantaged in funding applications?

John Lamont: That is a very good question. I was able to see for myself, when I visited Edinburgh University a few months ago, the James Webb space telescope at the Astronomy Technology Centre, as I think it is called. As part of that visit, as well as seeing the telescope—the UK Government have put about £20 million into some of the kit supporting that—we were able to see an incubator unit, which is for small SME businesses just starting up, with scientists and others with particular skills and research and product development being supported in terms of their business development. I personally absolutely understand the importance of supporting SMEs.

The Government have also focused on supporting SMEs, start-ups and spinouts, which clearly are often the driving force in innovation and the development of cutting-edge tech. Some 86% of Innovate UK's core funding is being invested in SMEs and Innovate UK's knowledge transfer partnerships are very well represented in Scotland, reflecting the depth of engagement that we have with the SME community.

Andrew Griffith: May I add one thing? One of the three innovation accelerators for the whole of the UK, which are a key focus for our

Department to try to help businesses and others to innovate, is in Scotland.

Q206 Ms Qaisar: We have also heard that a mapping exercise would be welcomed by researchers in Scotland. Would the UK Government consider conducting such an exercise to better understand the needs of the Scottish research ecosystem?

John Lamont: I personally have extensive engagement with the university sector in Scotland. If the Committee decides to make a recommendation along those lines, certainly we will look at it as a Department. However, I am confident that the discussions we have with the sector just now are giving us a well-informed position in terms of UK Government decisions in this area.

Andrew Griffith: In the meantime, since the Committee started this inquiry, because it is new news, the Department for Science, Innovation and Technology has launched a UK-wide map of clusters. Scotland features, as one would expect, very prominently in that. We have the in-orbit space manufacturing clusters in Glasgow and Edinburgh; artificial intelligence in Aberdeen and Edinburgh; gaming in Dundee; and energy storage across Scotland. That is available, and I would be very happy to share a link to that cluster map, which is dynamic, with the Committee. If there are any deficiencies or some clusters that we have not yet found, please share that; we would be very happy to add them. The purpose is to act as a go-to place for those in the clusters themselves, although they will tend to know that they are in a cluster, and for capital and investors to engage with skills bodies and other inward investment.

Q207 Chair: That is very encouraging, and we look forward to seeing that. You mentioned the in-orbit in Glasgow and AI in Aberdeen.

Andrew Griffith: I did. There is in-orbit space manufacturing in Glasgow and Edinburgh and AI in Aberdeen and Edinburgh. Just to be clear, one of the challenges of producing a map of the clusters is invariably that colleagues pop up and say, "What about my particular bit?" As I say, it will be a dynamic exercise, and we are keen to hear back.

Chair: We have certainly heard from a number of witnesses that that has been very helpful in innovation, so I think this Committee will welcome that.

Q208 Michael Shanks: You mentioned spinouts earlier, and that is something that Scotland does particularly well in. We heard evidence on the idea of there being a standardised approach to spinouts, particularly around negotiations and IP ownership. Something that a number of Scottish spinouts have struggled with is the IP going with them when they expand elsewhere. In the independent review of spinouts there was no specific recommendation to look at a standardised approach. Can you explain why that is and what your own thinking is?

Andrew Griffith: The spinouts review, which I saw in both the Treasury and my current role, has been very well received. It is a very good piece



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of work. The Government have accepted its recommendations and put some new money behind spinouts. It is an area where Scotland does well. The Committee has the statistics on this, but Scotland's universities in particular do very well on spinouts. As one would expect, there is a proper debate between the idea of mandating a central template, which has the attraction of simplicity and being familiar to those who provide finance for university spinouts wherever they may go, and having something that does not necessarily represent the tapestry of different maturities in spinout activities and relates to the different universities, different availability of capital, and also the sectors. As you will understand, we are talking about quite a different spread between, for example, a manufacturing innovation spinout and something in life sciences or engineering or biology. The spinout review identified so many good next steps that to mandate effectively a single outcome was a step too far, we felt. It is something we will keep an open mind on. The key thing we can all agree on is that having more spinouts and UK innovators have better access to capital and be able to hold on to their innovation for longer is a really good opportunity for the UK.

Q209 Michael Shanks: On what you say about the support to spinout and stay in the UK, we heard earlier about a number of concerns on things like lab space and getting the support to grow beyond the lab. One thing I am interested in is this: Scotland has huge scale in terms of SMEs, but is that because that is the only landscape we can have, or is there something around expanding these companies beyond SMEs that we are not doing? In other words, do we have SMEs by accident or by design? I met one spinout last week that has huge growth potential but really struggles with the infrastructure to make that growth. What more could the Government do to support that work?

Andrew Griffith: Invariably, I meet a lot of spinouts and the institutions that host them, and the biggest thing is having a predictable and greater amount of access to capital. We as a country have done well with things like seed and the popular seed enterprise investment scheme, and venture capital trusts. There is quite a lot of capital available at the very early stages of those spinouts' life. What is colloquially called scale-up capital—when you start needing to go from a pure idea to investing in some of the physical facilities and the cheques get bigger—is where we often lack that capital here in the UK. Often that capital is available from around the world, but we do not have as much of an indigenous capital pool, if you like. That was what was behind things like the Chancellor's Mansion House reforms and some of the reforms to the financial services system to allow more of that capital to be invested in less liquid investments—things that still deliver a very good return and would be good for people's investments. That is the big intervention.

Beyond that, as you say, there is a great need for things like lab space and access to supercomputers. Edinburgh will be hosting the exascale computer, which I expect and hope would give start-ups and spinouts the ability to access the global-class facility without having to replicate that infrastructure themselves.



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Q210 Michael Shanks: Finally, to Minister Lamont, I asked Graeme Dey about the UK Government's regional innovation fund, which was £60 million and £5.8 million in Scotland. There was a concern from the university sector that instead of that being entirely spent on innovation as it is in England, some of it is being used for teaching budgets in Scotland, given funding pressures on universities. Do you think there is a risk that the Scottish Government's approach to university funding is hampering innovation in Scotland?

John Lamont: During my discussions with Universities Scotland and various universities, I have been made aware that there are big concerns about the funding settlement they are getting from the Scottish Government. Their ability to offer all their courses and to offer an attractive place for researchers to be based is becoming more and more challenging. All of us in this room—I am a product of the University of Glasgow, as you were as well, were you not, Michael?—want Scottish universities to be at the top of the leagues, which they have been for many years. However, there is no doubt that, on the basis of everything I hear from Scottish universities and those involved in that sector, the funding settlement they are getting from the Scottish Government is leaving them shortchanged and they are very worried about being able to maintain their positions in the premier league.

Q211 Chair: Just on spinouts, we have heard that researchers often lack access to independent support outside the university that they are spinning out from during the commercialisation process. Is there anything that the UK Government can do to help with that? Is it a problem that you recognise? That is to either or to both of you.

Andrew Griffith: I do not want to say that it is not a problem I recognise, because there is always more that can be done. The majority of the policy-based conversations that we have with spinouts are on the ease of dealing with the institution. That is where the spinout review can help. There are guidelines. There are more networks. Even in the absence of standardised templates, there are initiatives such as TenU that get groups of universities together to simplify that. Access to capital, as I said, is the big one that seems the most universal. In individual areas or sectors, it can be about access to physical facilities or to skills. As for what more the Government can do, the single biggest thing the Government can do is create an ecosystem that rewards and incentivises that activity. If there are particular challenges and barriers, I and other colleagues across different Departments are interested as part of our desire to make the UK a science and technology superpower and the best place to run and grow a business.

Q212 Chair: In a number of the sessions that we have held, we have received feedback about the support with IP. There is a sense that a number of the businesses spinning out do not get the relevant, necessary support and information that they require in order to try and make a success of their IP and make it work for them. Is that another issue that you recognise, and is there anything you are doing to try to address that?



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Andrew Griffith: Yes, there is a piece about upskilling and resourcing what are called TTOs, which are the departments of universities and institutions that typically deal with that. It is an emerging area for the UK. We are doing it very well, but our scale and ambition means that the spinout and technology transfer space could benefit from some more upskilling.

Q213 **Alan Brown:** Could I just start with yourself, John? We have heard repeatedly from universities and the like about the impact of the break in membership of Horizon. That has been costly for research in Scotland in terms of both funding and, fundamentally, our relationship with our European partners. Those now need to be built back up. We obviously need to get more access back to collaborative project working. What discussions have you had with universities and the like in Scotland to listen to their concerns? What is happening to get things back on track now that the UK has committed to being back in Horizon?

John Lamont: Minister Griffith will probably give more of the detail, but it is certainly true to say that Universities Scotland has very much welcomed our new relationship with the European Union and we are now—

Q214 **Alan Brown:** My question was about what discussions you have had about their concerns when there was the exit from Horizon, and what has been done to rectify that?

John Lamont: It very much welcomes the fact that this Government are restoring the UK's position as a key partner within—

Q215 **Alan Brown:** Did they ever express any regret to you, or did you not ask those questions?

John Lamont: It is very clear, Mr Brown, that leaving the European Union has presented a number of challenges, which this Government have been very much focused on addressing. We now have a new trading relationship—a very positive relationship—with the European Union. I am very pleased that we have a new relationship under the Horizon scheme as well, but as I say, Minister Griffith has more of the details.

Andrew Griffith: You will forgive me, Mr Brown—I am new in the role—but all I have heard from the sector to date is positive affirmation that we are now back into the Horizon programme, and a recognition that in the interim period the UK Government did everything they could to protect researchers and institutions with the Horizon Europe guarantee scheme. More than 3,021 grants, worth more than £1.4 billion, were provided in that interregnum.

A few weeks ago, we launched a campaign to boost UK participation, accepting that there is always more that we can do. We are running a marketing campaign to drive awareness focused on small businesses and research institutions. To encourage people to invest the time in making Horizon applications—where the UK has always had a very strong track record, leading a good proportion of Horizon projects—we are giving up to £10,000 to cover the cost of putting together a Horizon proposal. That is



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pump-priming it, if you like, so it is less at the individual researcher's risk and more at the risk of the Department. We are putting our money where our mouth is and ensuring that the UK gets back quickly to a position of really driving full value out of its Horizon membership—not just Horizon, of course, but its components as well.

Q216 Alan Brown: What is the timescale for getting back to where it was? That is an admission that there is a catch-up process in place, and that the UK has missed out by that decision.

Andrew Griffith: My job is to wake up every morning and look forward, and control what we can control. It is within the gift of the Department to put all our endeavours and some of our resources into maximising our participation. It is only one; I was recently up at the University of the Arctic in Tromsø, which is another really good international collaboration. Our funding councils are making sure that we absolutely punch our weight in that collaboration. There will be many others across the world, but those are the things that we in the Department can do.

Q217 Alan Brown: As you like to look forward, what do you think, looking forward positively, the timeframe is for getting back to the status quo of where the UK effectively was within Horizon? In terms of the number of projects, the funding, the collaboration and what you were saying about the UK leading, what is the kind of timeframe to get back to where it was a few years ago?

Andrew Griffith: I do not make the applications to Horizon, as a Minister or in any other capacity. It is entirely within the control of the sector itself. As I say, the sector is very positive about that and very pleased that we are back involved. The world is also very global; people from around the world want to collaborate with British science, dealing with some of the biggest challenges our society faces. That is not exclusively focused on Horizon, but I am very pleased that we are back into the world's biggest single collaboration, which obviously goes beyond simply the membership of the European Union.

Q218 Alan Brown: Have you had any discussions with the university sector or the research sector about the ongoing changes to immigration policy and salary thresholds, and not being able to bring dependants?

John Lamont: Mr Brown, this is part of the discussions I have with Universities Scotland. It remains the case that the UK—particularly Scotland—is an extremely attractive place for international talent to be based. As you will know, a 2023 IDP report indicated that alongside Canada, Australia and the USA, the UK is one of the most attractive places in the world to study, demonstrating Scotland and the UK's international competitiveness when it comes to attracting the best talent from around the world.

Q219 Alan Brown: Nobody has expressed any concern about the £38,000 salary threshold?

John Lamont: Of course, Mr Brown, the reason why universities in Scotland are facing such a challenge around international students is the



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funding settlement. That makes them overly dependent on international students to top up their fee income, because of the decisions the Scottish Government have made about how they fund Scottish universities. If they were funded in a similar way to the rest of the UK, there would not be this overdependence on international students, and particularly the income that they generate.

Q220 **Alan Brown:** If you answer the question I put to you—

John Lamont: Well, that is the point that Universities Scotland made to me.

Q221 **Alan Brown:** Nobody expressed any concern about a £38,000 salary threshold for people to come to the UK to work?

John Lamont: Universities Scotland are very clear in the discussions I have with them, together with their member bodies, that the difficult funding settlement the Scottish Government are imposing on them has resulted in over-dependence—

Q222 **Alan Brown:** Sorry, but I am asking a question. You have made your point about the funding settlement.

John Lamont: But for the decisions the Scottish Government have made, there would not be this dependence on international students.

Q223 **Alan Brown:** So you have not had any discussions about the UK's immigration policy and the impact that might have?

John Lamont: Mr Brown, I have had discussions with Universities Scotland about this, and they have made it very clear to me that the very tough funding settlement being imposed by the Scottish Government—

Alan Brown: Is that all they say? Don't they say anything else?

John Lamont:—and the consequential over-dependence on international students are why they are facing this severe financial pressure. I am sure you have heard from universities directly about the severe pressure they are currently facing because of the funding settlement from the Scottish Government.

Q224 **Alan Brown:** I can tell you what I've heard directly: I have been approached by constituents who are now worried about their families, who will not be allowed to stay in the UK as a direct consequence of the decisions of the UK Government. That is what I have heard.

John Lamont: So you are unaware of the difficult financial situation that Universities Scotland are facing.

Q225 **Alan Brown:** I have just given you an example of my constituents' concerns. Obviously, I don't have a university in my constituency, but I still have students who are really impacted themselves, and are worried that their wider families are going to have to go back to Africa after trying to make a home here. That is the impact I have—



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John Lamont: What I hear from my constituents in the Borders and from Borders College is that because of the severe cuts being imposed by the Scottish Government on these two sectors—the college sector and the university sector—and as a consequence of the longer-term funding settlement imposed by the Scottish Government, they have been overly exposed to international students. Now, we shouldn't be afraid of wanting to attract the very best talent, and we are already faring well on the international stage, when you compare us with Canada, Australia and the USA, which also have very tough immigration policies. You cannot simply point the finger at the UK Government's new immigration policy and blame that. The issue in Scotland is the funding settlement from the Scottish Government—

Q226 **Alan Brown:** You have given me the answer you wanted to give; I think we will move on now.

I will come back to the Minister, Mr Griffith. You rightly said that one of the issues about spinouts and then the actual scale-up is access to capital. You have mentioned access to capital being an issue a few times. You mentioned the Mansion House reforms. How exactly does that affect access to capital for Scottish spinouts? What is actually happening to change that and to get them that access to capital so that they can stay in Scotland and expand? I wasn't clear what the solution to the known problem is.

Andrew Griffith: The desire to get access to spinouts and to scale up capital in particular is a function of what other big pools of capital are available for investment. We are talking primarily here about venture capital investment—quite high-risk investing in new technologies, but technologies that in aggregate will be enormously successful over time. The single largest pool of capital to do that is pension fund capital. The Mansion House compact was an agreement between most of the major United Kingdom providers and managers of pension capital—some of them are certainly based in Edinburgh and Glasgow—to put a little more of their overall asset allocation into these sorts of illiquid investments. That is not just the gilts that Government sell, but the sort of illiquid investments that trickle away down into funds, putting money into university spinouts. That is sort of the top macro—Pete, the Chair, knows this—

Q227 **Alan Brown:** Can I just come back on that? Pension funds like to invest in what they see as small, steady-growth projects where they are guaranteed a return, whereas a venture capitalism is about taking a risk. It is about weighing it up. Ultimately, venture capitalism is where people are more willing to take risks. How will pension funds fit into that? That kind of risk and reward does not seem to be how pension funds usually operate.

Andrew Griffith: They are trying to do two things, Mr Brown. In many ways, they are trying to minimise risk for their pension holders, but they are also trying to deliver growth, so that when the pensions come due—often 20 or 30 years later—the pool of capital they have been managing has grown. The balance between those two objectives is very much



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influenced by the regulations that we in this place collectively impose upon them. Therefore, over the past 12 months, the Government have reformed some of those regulations to give them greater leeway in that. I remember that the biggest thing that they invest in today is debt—they don't invest in risk-taking assets—so the Government have reformed some of those regulations. The Mansion House compact was an agreement between those who manage very large pension funds to put a very small percentage—just £1 in every £20 that they manage—not into any one thing but into this broad class of investment. I do think that that is right for the UK. It is something that we see much more in other markets. There are often questions in this House about why it is that Canadian or Australian pensioners invest in more of our own growth opportunities than we do. This is good for pensioners, but also really good for the innovation.

Chair: I think we will leave that there, because we want to keep to the science-related issues.

Andrew Griffith: We've strayed into the financial markets.

Chair: Yes, indeed. But I am sure that we won't stray into any territory, other than the issue at stake, with Mr Douglas Ross.

Q228 **Douglas Ross:** Good afternoon, Ministers. The UK Government's written evidence to our inquiry spoke about AI in particular—the University of Edinburgh is host to the largest pool of AI researchers in Europe—and the opportunity that presents, but also commented on the challenges around a rapid increase in AI. What recommendations would you give to Scottish universities, institutions and sectors about the growth of AI? What have the UK Government looked at so far, using international comparisons, and how could that be adopted in Scotland, Minister Griffith?

Andrew Griffith: Artificial intelligence is one of the key elements of the UK science and technology framework. I am sure that everybody is familiar with that, but, as part of the recent update that was published, we set out particular sectors that we think offer prodigious growth to the UK economy and will change the way that we all live and work, and, indeed, in some cases, how long we live our lives.

First, artificial intelligence is seen as a key growth area. It will provide enormous opportunities both to practitioners and in applying that to many of the big problems that we face. If we think about climate, for example, a lot of what happens in climate is about a wasteful allocation of resource. An AI algorithm that can come up with new ways of allocating resources—perhaps develop new materials that are lighter and better—offers us a great opportunity when we think about the climate challenge. That is also true of many other domains in life.

The UK Government have also, as you know, with the Prime Minister's AI safety summit, been at the forefront of trying to promote responsible uses, and the mitigation of some of the risks that come along with AI. Therefore, my advice to any organisation or institution in this is that there are many opportunities. One of the big enablers of artificial intelligence,



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and that whole subsector, is students pursuing STEM in schools and our ensuring that, in things such as the PISA rankings of international ability, we continue to drive forward the quality of our education, and that STEM in particular gets the right level of focus, particularly maths attainment—again, the Prime Minister has been very strong in promoting some level of maths education until the age of 18. All of those are ways that we can all equip our communities well to deploy this technology in a responsible way.

Q229 Douglas Ross: Thank you. Minister Lamont, obviously the evidence from the UK Government echoes what Minister Griffith has just said; one of the challenges is the shortage of STEM-qualified students. That is something that I raised with Minister Dey in the earlier session. In your discussions around Scotland with various different sectors, is the shortage of students taking STEM subjects an issue that has been highlighted, and is there anything that the UK Government can do with the Scottish Government to increase the numbers taking those subjects and, crucially, increase the number of teachers within those professions?

John Lamont: I think that that is a very important point, and something that has become increasingly concerning to me during my various visits and meetings since I became a Minister. It is very clear that our ability in Scotland to create home-grown talent is being severely affected by the plummeting standards in Scotland's schools. You can see that, as we have heard already, through the recent PISA figures. Those show that the standards in Scotland, particularly in maths, science and reading, have dropped significantly since 2018. It is very alarming, particularly in relation to maths and science, which are relevant to today's discussion, where Scotland continues to fall back from the top of the league, which is where we were previously.

There was a discussion earlier with Mr Brown, who is sadly no longer in his place, about international students, but I think all of us want to see more and more people from Scotland going into this sector. I recently held a STEM skills roundtable where concerns were highlighted from an industry perspective about the lack of STEM-skilled candidates in Scotland, which is affecting the airspace sector, the defence sector and increasingly the space sector, which we know is an important part of the Scottish emerging economy. That is particularly the case for girls going into STEM. It is a real concern for me and from the Government's perspective that Scotland is not at the top of the league compared with where it was before.

The other point that I should also say, which came out very clearly from the STEM roundtable, is that, in terms of attracting people from overseas to Scotland, the higher rate of taxes in Scotland—as you will know, Mr Ross, Scotland is now the highest taxed part of the United Kingdom—means that, for people looking at where to base themselves, the prospect of paying even more tax compared with what you pay in Carlisle or Berwick is acting as a disincentive. Again, at that roundtable I had with industry, I think they all pointed to that as being an issue as to why they weren't able to attract the talent that they might otherwise be able to attract.



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Q230 Douglas Ross: I wrote down earlier that you said that Scotland is an attractive place for researchers and others to come, but there are challenges. Whether it is public services, with one in seven Scots on an NHS waiting list, our once world-leading education, which is now falling down international rankings, or Scotland being the highest taxed part of the United Kingdom, those are all things that I hear as impacting people's decision to come and study, live and stay in Scotland. Is it correct to say that that is being replicated in the discussions that you are having?

John Lamont: Absolutely. It's a big concern, on a personal level and as a very proud Scot, to see our nation being dragged down. It is purely because we are not investing in our schools, colleges and universities in the way that we once did. As I say, from being a premier league country, we are now down in the second or third league, which I am sure is an analogy that you will understand.

Q231 Douglas Ross: Yes, though I am surprised that you understand it, given your lack of interest in football!

Minister Griffith has mentioned climate. One of our previous witnesses, Dr Mette High of St Andrews University, spoke to us about the discussion about oil and gas. All of us want to see that sector transition to more renewable, green forms of energy, and there are some highly skilled jobs in the sector at the moment. I have a serious concern that the policies of the SNP Government in Scotland and those of the Opposition party here, Labour, will take that industry towards a cliff edge and stop new exploration for oil and gas almost overnight. At the moment, 100,000 jobs rely on that sector across Scotland, many of them in the north-east in the communities that Mr Duguid and I represent. What would it mean to that just transition if we lost those jobs and those skills within the oil and gas sector, who are going to be absolutely crucial to ensuring that just transition and keeping the skills in Scotland? Dr High of St Andrews University said that this is a very political issue and it is extremely important that we recognise the individuals in the oil and gas sector and the role that they will play in science and technology.

Andrew Griffith: You make a very good point. As you know, Scotland hosts the Offshore Renewable Energy Catapult, which is one of the big Innovate UK interventions. It is at the meeting point between science and business, where entrepreneurship happens, and it is a very important contribution to the research and potential future jobs that will go on in Scotland.

By their nature, Catapults have to work hand in hand with the private sector. That is one of their great strengths, because it enables them to seamlessly allow research and development to blend into innovation and then across the membrane into forming the businesses of the future that are going to create the jobs that we need and provide the future tax revenues for prosperity. If there was anything that could jeopardise the ability of businesses to plan forward with confidence, I would be very concerned that it would be jeopardising the very successful Catapult,

which is part of Scotland's innovation firmament. That would be to the detriment of Scotland.

Douglas Ross: Mr Lamont?

John Lamont: Just to reiterate that point, during one of my recent roundtables with the oil and gas sector I heard that there is now a real concern that because of the very hostile political narrative coming from certain parts of Scottish political parties, many young people and others who might otherwise have looked at a career in that industry, and then ultimately moving into the renewables sector as we move from oil and gas, and now not looking at it as an option. They are very worried that they will not even be able to get the skills they need to develop Rosebank and other opportunities that are clearly there. As I say, the hostile environment that has been created for that sector has not been welcomed.

Q232 Douglas Ross: Education is fully devolved, and we have heard from the Higher and Further Education Minister in the Scottish Government today, but much of what we are looking at has a reserved element, including, as we heard at the very beginning, a lot of the funding. Is there enough collaboration and joint working between the Scottish and UK Governments on this issue, or do you come up against barriers, with the Scottish Government saying, "Education is devolved to the Scottish Parliament, therefore the UK Government shouldn't or couldn't get involved"? Could there be better working relations across both Governments on this important issue?

Andrew Griffith: For my part, I think it would always be more productive if, rather than people trying to litigate settled positions, everyone engaged themselves wholly in getting the best deal for researchers in Scotland, allowing the money to flow freely and trying to compete on our strengths, rather than trying to impose certain quotas or take a defensive position. That is what we seek.

I think Scotland has every reason to want to back itself. With the innovation that historically happened and the strength of the Scottish universities historically, I do not think anyone should approach this topic in a defensive way, but we should focus our energies all together on how we collaborate frictionlessly.

By the way, in the majority of the United Kingdom this debate does not happen with a different Government. It happens at the level of a university or an institution. That is how my Department is organised and set up and will continue to engage.

Douglas Ross: Mr Lamont?

John Lamont: There is so much that could be achieved by the UK Government and Scottish Government working more closely together. I think generally that does happen, but there are a number of notable examples where it does not. One example that I would point to is the excellent work that the James Hutton Institute does on gene editing, which you will be familiar with—I know the Committee has visited. That



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clearly offers huge advantages in crop resilience and not having to use potentially harmful chemicals on some crops, but because of a decision by the Scottish Government, Scottish farmers in that sector are being held back compared with the rest of the UK, which is able to develop that type of tech. That is an example of where we need much better joined-up thinking so that Scotland is not being held back by, I think, ill-informed decisions by the Scottish Government.

Q233 Douglas Ross: And that's very much not just one Government saying something against another Government. NFU Scotland is very much on the side of allowing these opportunities. It is backing the UK Government on that and calling out its concerns with the Scottish Government.

John Lamont: Indeed.

Q234 Chair: The UK is now ranked 29th out of 63 countries as a favourable destination for international professionals. That is its lowest ranking for over five years—these are figures designed by the International Institute for Management Development's World Competitiveness Centre. Why has the UK fallen by five places?

John Lamont: I think Scotland—

Chair: I'm not interested in that—I am asking why you think the UK has fallen those five places in this very important league.

John Lamont: Well, the UK and Scotland, which is my focus, continue to blaze a trail in scientific research and development—

Q235 Chair: I'm asking a very direct question, and I hope you're going to help me with this. As a proud Scot, as you said, I'm sure you want to answer the question fully. Why has the UK fallen five places in an international league for being a desirable place for international professionals?

Andrew Griffith: Everyone will have different forms of data. The data I have looked at from the OECD says that the UK has moved up the attractiveness rankings. In 2019, we were 16th; in 2023, we were seventh.

Q236 Chair: I hope you are not going to question the International Institute for Management Development's World Competitiveness Centre, which has given us these figures.

Andrew Griffith: I am certainly not questioning; I am just pointing out that there are different studies. It sounds like a commercial organisation; the data I was citing was from the OECD.

Q237 Chair: Is there any reason why it has the UK falling five places in its league? Things are referenced such as Brexit, the immigration health surcharge—

Andrew Griffith: Mr Chairman, just to clarify, on mine it has gone up. It has not fallen; it has gone up from 16th to seventh. It has increased significantly as an attractiveness destination.



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Q238 Chair: So you do not think there is any issue at all about the UK being an attractive destination for international professionals? You think it is actually an improving situation?

Andrew Griffith: That is what the OECD data says. I have heard some of the comments made by Mr Brown on the wider university sector— of course, every sector understandably wants to talk its own book and have the best ability to attract people in. What the data actually tells us, as opposed to what people will understandably say and seek to influence outcomes on, is that around 41% of postgrads are from overseas. I cannot think of a country on the planet—perhaps you can, Mr Chairman—that has such a high attractiveness for people internationally to come here and do their best work.

Q239 Chair: So we should not worry about increases in the cost of living, perceptions around Brexit or the increase in the immigration health surcharge? Everything is fine then, and the UK is doing really well in attracting international professionals, even though a well-respected study has said that the UK's position is at its lowest for five years? It is 29th out of 63 countries that are in this important league. I hope you are not disparaging this research.

Andrew Griffith: I'm just not familiar with it.

Q240 Chair: So you are not offering any suggestions?

John Lamont: Mr Chairman, I know you like to talk down the UK and Scotland, but we are very proud champions of Scotland and the UK, and what we have to offer. We know that international students want to come here in large numbers because we remain a very attractive place to study and work. We now have a new immigration policy, which I know you were very hostile towards, but it is comparable to other countries such as Canada, Australia and the USA, which have similarly highly regarded universities and research capacity.

Chair: Okay, I have tried my best to get an answer, but we will leave it now, because I know we have not got much time. I know you guys have to be away at 4 pm. We now have Wendy Chamberlain.

Q241 Wendy Chamberlain: Thank you, Chair, and thank you to our panellists for being here today. Minister Lamont, you talked about the James Hutton Institute. Indeed, when we started even just discussing this inquiry as a Committee, we met at the Royal Highland Show in the James Hutton Institute tent. One of the challenges that independent research organisations such as the James Hutton Institute face is being more limited in the funding they can apply for. Minister Griffith, I know you said that it is contestable and so they should apply for it, but one of the reasons why IROs do not apply for funding is that they cannot meet the 80:20 funding requirements. Are you aware of this? What can we do to ameliorate that?

Andrew Griffith: The 80:20 funding requirement is a long-standing position. Within that, there is the element of a public policy decision about whether you can fund less research in a more concentrated way or get the



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right balance between other contributors. I can understand that for anybody, it would be individually superior for them to have the 100, but by doing so they would be removing the ability for research to happen elsewhere. It is a classic question that we have to resolve in this place, as to how you allocate scarce resources.

Q242 Wendy Chamberlain: I suppose what I am saying is that they are not universities, so they do not have the student opportunities or the other financial and business management opportunities that other institutions have. Do we recognise in any way the non-level playing field that IROs face?

Andrew Griffith: Just to be clear—I think you understand this—it is level across the whole of the United Kingdom. This does not pertain just to Scotland.

Q243 Wendy Chamberlain: Yes—this is about independent research organisations everywhere.

Andrew Griffith: Clearly, ultimately, the desired outcome is that there are wider benefits to society and, typically, wider benefits to the business sector from some of the research that takes place, and that offers an avenue for the funding to cover the remaining 20%. That is something that, by and large, most institutions understand. They are able to run their business models on the back of that. If they are not, my Department will always engage and look at whether there is something that has not been particularly understood, or whether there is a particular exception. But you will appreciate that the direct consequence of moving to a 100% funding model—unless you want to significantly increase the cost to the taxpayer and the taxes to fund that—would be that, in aggregate, less research would take place.

Q244 Wendy Chamberlain: I am not suggesting that. I suppose the challenge here is that we know that IROs are in a different position from other institutions, which means that the 80:20 is more difficult. We have already heard today that you want the best-quality applications to come forward; indeed, you have suggested that Scottish institutions, when they do come forward, do very well. What I am saying is that we are in a position where they might have really good bids but are just not in a position to even bring them forward. That seems unfortunate. It sounds like it is a long-standing policy decision, but are we looking at how we can address that? Mr Lamont, I am sure you are going to say something about Scottish Government funding, but do you have anything beyond that?

John Lamont: No, I was just going to add that I also enjoyed visiting the James Hutton Institute tent at the Highland Show—I think I presented the best soil prize at the event. It is also important to record that the UK Government have contributed £45 million towards the International Barley Hub and the Advanced Plant Growth Centre, which will both be situated at the James Hutton Institute.

Q245 Wendy Chamberlain: How did that funding come about? It didn't come



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through UKRI funds, then?

John Lamont: The James Hutton Institute, like many others in Scotland, proactively engaged with the UK Government. Laurence may have more of the granular detail. We can certainly write to you about the process it went through.

Q246 **Wendy Chamberlain:** I think that would be useful, because it sounds like an innovative way that the James Hutton has looked at potentially filling the gap that we have identified. I suppose what I do not want is other institutions to be set on an even more uneven playing field, if there are not the opportunities to make business cases elsewhere.

Laurence Rockett: We can follow up with the detail on that one in particular, but it is also part of the growth deal, and there is vertical farming, which I have seen myself at the James Hutton Institute. We have quite an active conversation with it from the Scotland Office point of view, and I think it is looking at being creative, and we are working creatively with it to explore different kinds of funding solutions.

Q247 **Wendy Chamberlain:** So certainly another thumbs-up in relation to city deals, funding and working more collaboratively—thank you.

You mentioned coming to Edinburgh and Glasgow, Minister, but I hope you will get to the University of St Andrews as well—you had to expect me to say that. The science and technology framework came about partly as a result of the Nurse report, and I think it would be fair to say that Universities Scotland and the University of St Andrews outlined some comments particularly in relation to how the target of a 40% increase in domestic public investment outside the south-east of England will be achieved. From a Scottish perspective, what are your expectations for that increase?

Andrew Griffith: To be clear, I would expect Scotland to benefit from that. I fully accept the critique, by the Nurse review and others, that we have had too much concentration in London and the south-east. Thereafter, it is not the Government's approach, nor do I personally think it would be additive, to set individual targets or quotas. There is an enormous latent potential in science and research. It is right that we seek to address that by consciously managing it—effectively, by tracking it. There is a richness of data. One of the things that we have to challenge with the bureaucracy review is that one person's bureaucracy is another person's data. We are not driving for equity for its own sake, but so that we can actually see what is going on. I think there should be opportunities for Scotland. It would be wrong to put a number of it, and I think we should all have the confidence to back that up.

Q248 **Wendy Chamberlain:** Usually when Ministers come in front of this Committee, we expect to see some kind of degree of parity around Scotland's population. Would that be fair?

Andrew Griffith: No, I don't think it would be fair. Research funding is ideas and innovation-driven. It is the responsibility of the institutions themselves to apply; that is not a controllable variable. But obviously



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institutions do have—

Q249 Wendy Chamberlain: But with your new news around clusters and mapping, that suggests that there is a bit of a concentration in Scotland, so you would want to see good results.

Andrew Griffith: There are certainly some fantastic opportunities in Scotland. If I look at space, there are two out of three of the UK's spaceports; in quantum, there is already one of the quantum hubs in engineering biology. Scotland is well positioned, and there are many opportunities in areas that map directly across to the science and technology framework—

Q250 Wendy Chamberlain: And we've heard that in our space inquiry, as well, to be honest. Minister Lamont, I will come to you to conclude—

Alexander Ademokun: Just to give a bit more detail on that, as the Minister said earlier, applications from Scottish researchers tend to outperform the UK average. However, even just looking at the investment, we have an innovation accelerator in Glasgow; one of just three. We have got programmes such as the Strength in Places Fund that recognise the capabilities within Scotland, and that fund has invested about £82 million in precision medicine, in digital—

Q251 Wendy Chamberlain: We visited the National Robotarium as part of the inquiry, as well.

Alexander Ademokun: And on the talent front, for example, three AI centres for digital training are going to be in Scotland: two in Edinburgh, and one at Heriot-Watt. So, it is not just about the particular programmes; the collective investment recognises the strengths of Scotland.

Q252 Wendy Chamberlain: Yes. And I think the ask here from the institutions is to go for it in that regard, as well.

I will just come to Minister Lamont to conclude. We had the Scottish Government Minister in earlier. We have talked about what the UK Government are doing. But what do you see the role of the Scotland Office being in relation to that co-ordination, because the need for co-ordination has come quite strongly through in the evidence from the institutions that we have spoken to?

John Lamont: It is very important, and not just in this policy; it is across the board. The job of the Scotland Office and my colleagues there is to co-ordinate different parts of the UK Government working with the Scottish Government to achieve the best outcomes for Scotland. We are the Scottish voice at the heart of the UK Government.

Wendy Chamberlain: Okay. Thanks very much.

Chair: I know that David wants to come in with a quick question before you guys have to head off.

Q253 David Duguid: Very quickly, in the last three minutes—a lot of what I was going to ask has already been asked, which will save some time. Douglas Ross spoke about the importance of the oil and gas industry, not



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only in continuing to produce oil and gas for as long as we need it but in being part of the energy transition into the renewable future. I am just wondering: with that whole new discipline, if you like, of going through the process of transition, is that being seen as something that we need to innovate in and potentially have an innovation cluster for it in itself, perhaps centred around the north-east of Scotland?

Andrew Griffith: Clusters are organic as well as inorganic, so clusters can result from something like the Offshore Renewable Energy Catapult, but they are also the function of markets and of businesses themselves coming up with the innovation.

You make a very powerful point. As I am sure this Committee knows, the feedstocks—both literally and metaphorically—of the new technologies that will change the world and create huge opportunities come from precisely the oil and gas industry. So, anybody will be foolish to put jeopardy in its way—they would do so at their peril—when it is so important to the innovation economy and to the UK's aspirations to be a science and technology superpower. And it will provide the literal fuel for many of the new opportunities, some of which are supported by my Department; many of them fall outwith it in Departments such as the Department for Energy Security and Net Zero.

Q254 **David Duguid:** I take it from your responses earlier and from those of Minister Lamont that you would agree with Universities Scotland that it is important that the two Governments—the UK Government and the Scottish Government—work together to develop these clusters. However, just to give Minister Lamont the last word, are the negotiations or discussions around these innovation clusters likely to form part of the same negotiations around the investment zones?

John Lamont: Well, that was my answer; I think the investment zone will be an opportunity to develop that cluster idea or concept further.

David Duguid: Perfect.

Chair: Good. We have ended perfectly at 5 o'clock for you, gentlemen. I think there were a couple of things that you said you would get back to us about, and we will look forward to hearing those things from you. But for this afternoon, thank you very much for coming along to the Scottish Affairs Committee.