



Scottish Affairs Committee

Oral evidence: [Industrial transition in Scotland, HC 729](#)

Wednesday 29 October 2025

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Watch the meeting

Members present: Patricia Ferguson (Chair); Maureen Burke, Harriet Cross; Dave Doogan; Lillian Jones; Douglas McAllister; Mr Angus MacDonald; Elaine Stewart, Kirsteen Sullivan.

Questions 239 - 280

Witnesses

[I](#): Sara Thiam, Chief Executive, Prosper; and Dave Moxham, Deputy General Secretary, Scottish Trades Union Congress (STUC).

[II](#): Dame Nancy Rothwell, Deputy Chair, Industrial Strategy Advisory Council; and Leonie Lambert, Director, Industrial Strategy Advisory Council.



Examination of witnesses

Witnesses: Sara Thiam and Dave Moxham.

Q239 **Chair:** Welcome to this meeting of the Scottish Affairs Committee, where we are looking at the modern industrial strategy in Scotland. We are very pleased to welcome our first panel. Could I ask both of you to say who you are and what your roles are?

Sara Thiam: I am the chief executive at Prosper, which is the Scottish Council for Development and Industry.

Dave Moxham: Hello, everyone. I am a deputy general secretary of the STUC, and I lead for us on industrial affairs and just transition.

Q240 **Chair:** Thank you. We will go straight to questions, if that is okay.

To what extent do you think an industrial strategy is important for supporting economic growth in both Scotland and the UK?

Sara Thiam: First, as Scotland's industrial council, Scotland's growth council, I would say that it is hugely welcome. The UK has a chequered history with industrial strategies, so a more market-making, more conscious effort to focus on growth and to work with industry, workers and wider society to do something about it is a hugely welcome move.

Dave Moxham: Yes, it is incredibly important. I have worked at the STUC for long enough, and we represent a very broad range of workers in a broad range of industries. I think of industrial strategy as being a bit like a jigsaw puzzle. Very often you are looking at a thousand different pieces and fitting them together, and even getting the edging right can be really quite important. I am sure people here have more capacity than I have, but our capacity simply to understand and engage, and then to fit Scotland within a wider industrial strategy, has been a struggle, frankly, for the 20 years that I have worked at the STUC.

I will have some critiques as we go on, but I think it is encouraging to see the UK Government setting it as a major priority. Our job, your job, is to work out how most effectively Scotland—particularly within the context of its devolved competencies—fits within that and gets a proper bang for its buck, but it is incredibly welcome to see some of the moves that we have seen over the last 15 months or so, or probably even less than that.

Q241 **Chair:** The UK Government have suggested that previous industrial strategies may not have sufficiently addressed Scotland's specific needs. Do you agree with that view? I will start with Dave this time.

Dave Moxham: I would say yes, although I would have to say that you need to know what the industrial strategy is at a UK level before being able to be definitive about that. Certainly post-devolution, that is partially because at all levels we have struggled—not always without success—to fit in with those devolved competencies, whether we are talking about the way that energy is a divided competency, whether we are talking about employment law and aspects of regulation, which are UK competencies, but which affect Scotland potentially differently, and, of course, because



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of particular geographic industries. Offshore oil and gas would be the most obvious one, but we have others such as forestry and, over the years, other areas where the UK industry has been centred in Scotland and I think we have had difficulties getting to grips with a UK-wide strategy for them.

Sara Thiam: I mentioned earlier that we have a chequered history with industrial strategy and a weakness, perhaps, of past strategies is that there has been a bit of a stop-start. Industrial strategies work best when they are designed for the long term and designed in collaboration with industry, with the places that have those industrial bases. That is critical. That engagement, beyond just engaging with the Scottish Government, to engage with the wider business representative organisations, workers' representative organisations and so on, is incredibly important to the success of those strategies.

Q242 **Chair:** Do you think the current industrial strategy is likely to be effective?

Sara Thiam: We have a number of suggestions as to how it might be improved, which we will probably cover off as we cover off the other questions. In summary, I think it is a welcome start, but there is more to be done.

Dave Moxham: I agree with that. I think there is a recognition that the role of the Government, as a director, a funder and sometimes an owner of our core foundational economy is incredibly important. That is not a matter of ideology, although it is a matter of ideology for me—it is more than a matter of ideology. The view that public sector leadership, particularly in what you might call the higher-risk technologies and their capacity to crowd in private sector funding to follow, is a really important aspect.

I could wax lyrical—although I won't—about global insecurity, about the areas in which we have fallen behind, but we still have potential first-mover advantage and some of those kinds of medium-term technologies such as hydrogen, CCUS and others, where if the Government do the right things now, take some of the risk, take some of the reward and work really hard to crowd in international and national private capital, there is a real opportunity for us to lead.

Q243 **Dave Doogan:** Good morning. It is nice to see you both. Scotland does a range of things extraordinarily well, industrially, in its broadest sense. I think there is a temptation to think of big, heavy industry when we talk about industry, but it is broader than that, and it often translates. Recently in the UK, Scotland's GDP per head was trailing only London and the south-east, so we are a high-output part of the UK. What do you put that down to, Sara? What is Scotland performing well at, industrially?

Sara Thiam: We have global competitiveness in a number of key sectors—financial services, energy, food and drink, professional services and education—but we also have strengths in emerging sectors, with world-class clusters, particularly around energy transition, carbon capture



and storage, offshore wind and hydrogen, for example, and not just in the north-east of Scotland but right across. We are increasingly developing that capacity in the Highlands and Islands as well, in tech, AI, robotics and critical technologies, but also in life sciences, pharmaceuticals, health technologies and animal health. In aquaculture too, and there is some very exciting, leading work coming from Scotland in that space.

Also, our creative industries have a global reputation and help to support innovation in other sectors, so their role must not be underplayed because the diversity of thought in the creative industries is a huge boon to our other industries.

Q244 **Dave Doogan:** In summary, it is broad, but in many places it is deep as well.

Sara Thiam: Absolutely, and it maps pretty well against IS-8.

Dave Moxham: I agree with all of that. I don't think you left me anything after you ran through your list—I was hoping there would be one that you did not mention—but I broadly concur.

I think the issue for us in the next period is to ensure that what you rightly describe as the breadth that we have and some of those areas of leadership are reflected in good-quality, sustainable jobs, where necessary with a local focus. Renewables are a good example of where we have lots and lots of small start-up companies, and we are seeing that in GVA and other things, and that is a good thing.

We also need a couple of big beasts in there that are providing long-term, sustainable, well-paid jobs in that middle-income bracket. They probably will never quite challenge some of the premiums that we have seen offshore, but this is about ensuring that we have a population that benefits across the board, and also local strategies to make sure that we do not leave particular areas behind.

Q245 **Dave Doogan:** In the context of that ambition, Dave—and linking back to what you said previously about the opportunities and the areas, particularly in energy, where Scotland has had businesses that have been first movers at a very small scale—what would you like to see in a UK industrial strategy that allowed those big, apex primes that you talked about to move in, and allow a lot more clustering around them at key centres of renewable energy around Scotland? I am thinking primarily about floating offshore wind. The difficult questions about the technology were answered in Scotland, but we stand on the precipice of the delivery of that being in Japan and the United States if we cannot get the demand signals from Government and industry to coalesce in Scotland.

Dave Moxham: The port of Leith took delivery of a bunch of Chinese monopiles just two weeks ago. It was eight years ago that I was with the workers at BiFab trying to make the case for a sustainable plant there.

I think there are things in the industrial strategy which, if delivered, can do the right things for us. There is a clear emphasis on ports and port



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development, which I think is really important, but that is where we have to get working with the Scottish Government and Scottish agencies right.

We estimate that to meet the obligations for the 19 or 20 projects—I think it is 20—within ScotWind, we would need 19 construction facilities across the various major, meaty parts of it. We currently have arguably two. Let's see what happens with Mingyang, but there is a very big difference now between the potential that we could reach, the potential that we have said we have to reach if ScotWind is to be believed, and our capacity to do it. If the industrial strategy does focus on investments and crowding in private sector investment to deliver that hard infrastructure, we will go a significant way to meeting Scotland's needs.

Dave Doogan: Do you want to add to that, Sara?

Sara Thiam: No, thank you.

Q246 **Mr Angus MacDonald:** Just to disclose, I have a shareholding in a company that does spare parts for wind turbines.

I wonder if I might put forward the idea that we are really nowhere near punching above our weight in the renewables sector, that by and large the turbines are made offshore, the contractors come from abroad or outwith Scotland, and they are very often owned outwith Scotland. Basically, we have the opportunity, but we are just not taking it.

Dave Moxham: I could not agree more. You make the point that these production facilities are largely private, often overseas and often owned by overseas Governments. I think there are probably five or six operators just now whose Governments have had significant stakes, not least Navantia on the former BiFab yard, which is partly Spanish-owned. Things are getting more difficult daily on this. I am never going to say that the ship has sailed on some of this, but it is very close to sailing.

I do not want to get into the politics of Mingyang, but if you look at the capacity and the technical leads that companies like Mingyang currently have, it is very hard to catch up, but catch up we must, or at least we must catch up in areas where we still identify some form of first-mover advantage, and in particular some geographical advantage for Scotland, which surely we should have.

Sara Thiam: I can only agree. There is a lot more to do to ensure that we are maximising those opportunities. That manufacturing is sticky, but it is growing in Scotland and we have a growing supply chain. A range of factors are impacting on that in terms of the wider policy landscape, which I will probably touch on later.

Q247 **Elaine Stewart:** Prosper has indicated that IS-8 broadly reflects Scotland's strengths, but that there are notable gaps in the industrial strategy. Could you outline some of the gaps?

Sara Thiam: Although most of the sectors are among the eight high-growing sectors that have been identified, the growth-driving sectors do not include the spirits sector, despite its legacy of comparative



advantages, and advanced manufacturing, which are really the foundation of the UK's success as the world's largest spirits exporter.

The sectoral analysis that underpins the IS-8 sectors describes a persistently low level of productivity in the food and beverage sector, but in Scotland it is a very different story. Scotch whisky manufacturing is second only to energy in productivity, and the spirits sector has been a high priority for the Government in trade discussions this year with the US and India. Its exclusion from the industrial strategy does seem to be a disconnection, and that is the main area I would point to.

Q248 Elaine Stewart: Why would addressing these gaps be crucial to the overall success of the industrial strategy?

Sara Thiam: It is not a question of either/or. I think we need, "And, and, and," don't we? We need to be thinking about all of those different sectors. They all have strengths in particular areas, parts and geographies of Scotland, which makes it incredibly important that growth is coming right across Scotland and in the places that need it most.

I will come on to this, but the emphasis in the initial iteration of this strategy was about spreading growth right across the UK. Perhaps the second iteration has less of a focus on that and more of a focus on the sectoral dimension, so I think there is more to be done in those spaces.

Q249 Elaine Stewart: How might the Government go about addressing those gaps effectively?

Sara Thiam: First, both Governments have to work together. The relationship has clearly vastly improved, and that is always extremely helpful. However, as I said earlier, industrial strategies work best when they are led by industry but co-designed with Government and wider partners, because it takes all of us to build a successful economy.

There are clearly lots and lots of different things that you could do. This Committee, in your review of defence, has picked up on the relatively low spend in Scottish businesses and the opportunity for shared applications in defence, but also in the wider economy, that could be having incredible spillover effects in all of these high-growth industries. There is a lot more that could be done, but I think being industry led and co-designed are incredibly important.

Dave Moxham: I do not have much to add to that, although I concur completely with respect to the Scottish whisky industry and some other smaller parts of the food and drinks industry, Brand Scotland things, which continue to be incredibly important both for creating decent jobs and what you might call the broader sell of Scotland.

It can become quite difficult because, generally speaking, I think this kind of sector-led approach is right. I think the crossover with Scotland is pretty strong, and we cannot just say that we are going to do everything, but then we always find ourselves talking about other things that aren't covered. There are aspects—particularly of what we describe as the foundational economy—that are absolutely vital and can be very



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important in addressing regional inequalities, the things that affect every single area of Scotland.

The UK Government's carbon jobs plan, which was put out recently, is a really positive document, as is the Scottish Government's green industrial strategy, which we were able to feed into—these are important things. However, both of them, because they take really strong sectoral approaches, often miss some of the other things that are happening, particularly around the green economy and in communities.

Local wind generation, local power, a lot of the consumer-led things that we do around batteries, retrofitting and various other things—these things need to be happening everywhere, and they need to be supported everywhere. It is important when we have our big sectoral focus that we do not forget these kinds of foundations that sit, or hopefully sit, in every local authority in every area of Scotland.

Sara Thiam: Another area that I wanted to pick up on, and I started to cover it off a little bit, is defence, which is incredibly important as well, obviously, not least because of Scotland's geopolitically important position. Our UK military footprint and defence industry is critical to UK and European defence and security. It is clear that defence is very well placed to drive some of that growth.

For that to happen, however—as I said earlier, and as your report shows—much more of that spend needs to be going to small businesses in Scotland and to the supply chain, which can benefit all of these other sectors. It can be a growth sector. It can be an engine for growth right across the country by driving the development of national supply chains, and having those dual-use platforms, civilian and military applications, innovative technologies and a highly skilled workforce. There is real expertise there.

Those capabilities are in very high demand and can be exported to friendly countries as well, but it requires both Governments to work together to secure those investments in Scotland, to anchor them there, to strengthen those links with our Scottish research institutions, which are incredibly important, to invest in the training programmes—another massive area—and to provide more support for Scottish technology clusters, and small businesses to increase their access to UK defence procurement opportunities. The defence growth deals are a very welcome development in your new inquiry.

Industries may not fall solely within one sector, and they may contribute to the success of a range of sectors. An example would be the Scotch whisky industry. It is the UK's biggest single food and drink export, part of the manufacturing sector, but it is also a major driver of tourism. There are all sorts of spillover effects, aren't there?

Q250 **Elaine Stewart:** What about skills? Can you foresee skills being a problem in the future?

Sara Thiam: Yes, in short, and a great deal more work needs to be done in Scotland—this is, of course, a devolved area—around developing clarity



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and getting on with delivering some of the recommendations that came out of the Withers report a couple of years ago. Time is moving on, and we need to get going on skills.

Q251 Dave Doogan: Just to complete that line of thought about skills, it has long been my belief that industrial careers, and engineering careers in particular, are not being very well communicated to young people, either in school, in their community or in their homes. It seems glaringly obvious to me, and I do not understand why they are not viewed as really positive destinations. We talk about positive destinations as going to college or university, or getting a job. Well, not all jobs are made equal. You highlighted defence, Sara. Defence manufacturers operate in historically industrial environments. These are extremely well-paid jobs anyway, and they are very well-paid jobs locally. Why can we not communicate that properly to young people?

Sara Thiam: I can only concur. For over 40 years, our organisation has been trying to do something about it with our schools' outreach programme, which is very heavily supported by the engineering community. You are very much preaching to the choir, as I am a former director of the Institution of Civil Engineers in Scotland.

The Stemovators programme is helping, but there is a lot more to be done. It is worth saying that Stemovators is entirely funded by industry. There is a small Scottish Government grant, but I have a team of five or six people out and about right across Scotland, in schools, helping young people to understand the opportunities of the future, and inspiring that next generation into careers in industry and so on.

Dave Moxham: I could not concur more. We are moving into a period where it may be difficult for people to imagine that they are going to be training for a job for life. You get this in offshore oil and gas. People forget that although, obviously, job numbers are falling—and the majority of the offshore oil and gas workforce will hopefully find themselves transitioning into other work—offshore oil and gas will still be, or should be, a net recruiter because of the demography of the industry.

One of the difficulties that we at least hear anecdotally is people saying, "Why am I going to commit to an industry that has a cliff edge?" Well, we are not projecting that in the right way, are we? We are talking about young people who should be gathering a skillset that can see them through the whole of their career, even if not necessarily in the same form of energy production. There is something there about our projecting the skill and the profession as something that will be less set in stone than it was a generation ago but is still capable, throughout your career, of delivering the sort of quality of life that we hope young people aspire to.

Chair: I think our oil and gas industry report hinted at some of that. Certainly I am sure that some of Sara's points will be picked up in our inquiry into defence and skills, which we are about to commence.

Q252 Elaine Stewart: It is great that you are zigging into skills, but there are



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not enough college places. Would you say that that is going to be a huge problem for us? In my area alone, 560 young people never get into technology courses, and that is just through lack of funding to the colleges. We need to be working on that right now.

Sara Thiam: I agree.

Dave Moxham: I would not like to be in the Scottish Finance Secretary's position, or probably even in the Chancellor's position, with some of the pressures that we have on public funding. However, it is an absolute fact that we are going to need a step change in funding for further education over the next five or six years, and a strategy to go with it.

Sara Thiam: Indeed, one of the recommendations from our blueprint, which is our growth plan for Scotland, is precisely that, and a review of the tertiary stage—a cross-party review—because it is too important to leave to party politics.

Q253 **Maureen Burke:** To what extent do you agree with the Government's view that prioritising the IS-8 will generate spillover benefits to the economy?

Sara Thiam: I hope I have covered that off to a degree in my previous answer, but it isn't just going to happen. It will require a concerted effort, and some actions by both Governments that work to secure that investment, to strengthen those links with the research institutions and so on.

Dave Moxham: I have probably covered it as well. The point I would reiterate is on some of the long-term, riskier investments where we can still get a technological lead, which will potentially encourage that kind of cross-working and more private investment. I think we need to move on a little bit to how the architecture of that is best designed in Scotland and the relationship between the IS-8 and the delivery mechanisms in Scotland.

Theoretically, that leadership approach to new technology, crowding in private sector investment and genuinely using Scottish institutions to help drive that forward should be a win-win-win, and therefore they are right to be optimistic. It is about delivery.

Maureen Burke: I think you have answered my follow-up question. Thank you very much for that.

Q254 **Mr Angus MacDonald:** I was going to ask if you think we are identifying the right sectors. We have already spoken about the Scottish whisky sector. Do any others spring to mind?

Sara Thiam: I think we have probably picked up most of them. The six sectors that account for a quarter of all exports are pretty much covered in the IS-8—aerospace, financial services, professional services, spirits I have talked about, pharmaceuticals and automotive manufacturing have all been real strengths for Scotland for at least 75 years and are building on their legacy through consistent innovation and adaptation. They are at the foundation of a lot of it.



Q255 Mr Angus MacDonald: Do you think there could be a case—I know the tourism and hospitality industry has made this case—that we are helping the strongest sectors and not helping the weaker sectors? For example, in rural Scotland by far the biggest sector is hospitality and tourism, and that sector is suffering enormous pain from energy prices, staffing costs, the cost of food and so on. We are also in danger of our offering becoming too expensive. Do you think that is a sector that could have benefited, though it is hardly industrial, from a strategy to help a weaker sector that is struggling?

Sara Thiam: Successful strategies need to protect and nurture those existing industries, as well as supporting potential growth sectors, but that is about building a positive environment for business growth across all industries. You know what those asks normally are. They are about a stable operating environment and a relentless focus on fixing the kinds of things that prevent organisations from prospering, as set out in our blueprint for growth, such as skills and energy costs.

Tax and regulatory policies should also encourage organisations to invest, recruit and innovate, but there is a fair degree of evidence at the moment that things are so tight that those are the areas of businesses that are suffering. Dave touched on that foundational economy. These are the small businesses that are holding up the sky in wee places right across Scotland.

Another area that needs the Government's attention is housing, which is not really covered. Increasing the supply of affordable housing is critical to the growth of the IS-8. Planning reforms, which are essential, are proposed by both the UK and Scottish Governments, but there is also an urgent need for more innovation to accelerate and to reduce the cost of delivery in some of these industries.

The green industrial strategy and the Scottish Government's industrial strategy identify housing as one of six key enabling factors. We have called on the UK's industrial strategy and the Scottish Government's green industrial strategy to deliver frameworks that accelerate the growth of cross-cutting opportunities such as a circular economy, nature restoration and sustainable buildings. They are some of the other areas. We will come on to place-based aspects, but the rural dimension is incredibly important.

Chair: We need to be careful, though, to remember that tourism is devolved, as is housing.

Sara Thiam: Indeed.

Chair: We cannot tread on one another's toes, but working together is always more helpful than trying to do things on our own.

Q256 Kirsteen Sullivan: What was coming out to me through both of your comments was a need to identify and recognise the enablers that underpin successful delivery across the sectors. Would you agree with that, and what do you think those enablers could be?



Sara Thiam: Yes, very much so. I have probably covered off what we feel those enablers are. It is about a business-friendly environment, the ability to have a long-term view and get a bit of certainty around Government policy. We will come on to it, but there are aspects of wider policy around zonal pricing and so on that have sent completely the wrong signals to certain sectors of the market.

I have lost my train of thought. Remind me of the question, because there was another thing I wanted to say.

Q257 **Kirsteen Sullivan:** What sparked that thought was when you mentioned housing. As we have seen in our energy inquiry, there needs to be housing to support the workforce, particularly in areas of growth. So housing could be viewed perhaps as an enabler, a devolved enabler, but I wonder if there are other things that you think underpin success in these areas?

Sara Thiam: Ahead of the election of this Government, a review was done by Iain Anderson about Government-business relationships, and it very helpfully sets out five principles. I think those principles are very solid and are a good basis for Government-industry collaboration.

I work for an organisation that fundamentally believes that it takes all of us to build a successful economy, and that it is only by the Government, business, academia, places, communities, wider society and our workers working together. We were set up in the 1930s, but so much of what marked our industrial decline then is still a challenge for Scotland. It genuinely takes all of us, and it is only by working together, working well and having very clear underpinning principles that we can ensure that the country is successful and grows.

Dave Moxham: Again, we are going to end up saying that most of the enablers are devolved. Another big enabler is obviously transport and transport infrastructure. Whether we are talking about getting ferries right—and getting ferries right is most importantly about island communities, but it is not just about that; it is about island economies, too—or whether it is some of what we would say are relatively positive moves with respect to rail in Scotland and the ending of peak fares, various other things; these things are all enablers.

Wherever we go next, we are likely to be talking about a workforce that is more mobile than it currently is. That goes back to the foundational economy, but the transport and housing piece, which is partly important economically, is also partly important to bringing people with us and enabling people to feel more optimistic about the transitions that they are currently being asked to make.

Q258 **Harriet Cross:** Looking more at the place-based side of things, Prosper has raised concerns about the competitiveness of the Scottish regions and cities if the English ones, for example, were to run ahead. Is there evidence that this is happening? If so, where, and what examples are there? How can Scotland—both Governments, or either Government—work to ensure that this is not the case?



Sara Thiam: Gosh, that is a full question. The final version of the industrial strategy appears to downplay the place-based aspects compared with earlier expectations about pan-UK growth, probably due to limited resources and an even greater need and greater pressure to get on and deliver national growth. I think we have lost something in the messaging around rebalancing the economy, which is unfortunate.

Rebalancing the economy and increasing productivity both featured strongly in the first version, which is something we very strongly agreed with. It moved more to talking about key growth corridors such as Oxford-Cambridge, Greater Manchester-Liverpool and Edinburgh-Glasgow. We feel there is a risk—and increasingly we are hearing it from our wider membership base—that Scotland’s city regions fall behind other UK city regions following the implementation of trailblazer devolution deals, integrated funding settlements and combined mayoral authorities. Of course, the primary delivery mechanism for the industrial strategy is those combined mayoral authorities.

The inclusion of Edinburgh-Glasgow in the industrial strategy is obviously very welcome, but it is unclear to us what the Government have in mind.

Scottish projects such as Clyde Metro, Edinburgh trams and the Edinburgh supercomputer are moving forward, certainly the infrastructure ones, at a pretty glacial pace. But these are absolutely critical infrastructure investments to produce those kinds of agglomeration benefits and strengthen those clusters in Scotland.

We picked up on the rural dimension. The industrial strategy does not really tackle barriers to growth for key rural sectors, which you have picked up on in your question. Also, of course, in north-east Scotland, there is huge concern about the impact of the UK Government’s oil and gas policy, not just on the north-east economy but on the future of the energy transition and indeed our ability to grow and build the supply chain in fantastic growth opportunities such as floating offshore wind.

As production falls in oil and gas, so does business for the UK supply chain companies. Recent job cuts, 1,000 jobs a month in oil and gas, make that precarious position clear. More than 40% of companies in the supply chain are reporting a declining business environment, and spending is forecast to go down. Those are the very same companies that are going to be able to deliver floating offshore wind and the growth opportunities from that. Oil and gas revenues are critical to supporting that supply chain investment.

The city region and growth deals cover every part of Scotland, and they have attracted further investment from public and private sectors, and they have brought together some regional partnerships, which is incredibly positive. However, discussions really seem to be about specific projects rather than strategic growth.

Q259 **Harriet Cross:** This is not a politically charged question; this is just fact. Is it your opinion, or are you getting the feeling that because all the levers are here for the English cities, the Government know exactly what



they are paying for and can plan it better, whereas for Scotland co-ordination is needed between the Westminster Government and the Scottish Government? Is this about the way that devolution has split up the different aspects of what is needed to grow a city region?

Sara Thiam: The real challenge is that we now have a scenario in which combined mayoral authorities have been given the powers and the wherewithal to fix their own problems around infrastructure and skills, so they are much more empowered and have a very good understanding of what the critical growth opportunities are. Also, there is often a good triple helix working in those places where you have the chambers of commerce, the universities, the councils and the voluntary sector working very well in some of those geographies, but I think it is a question of scale.

For future investment, it is very clear that everything is about public-private investment, particularly infrastructure investment, but that needs to be at a particular scale. You may have a Manchester city region proposition for infrastructure delivery and retrofitting the housing stock. It is clear that that is the type of joint opportunity and scale at which those public-private investments need to be made.

There is a strong argument or sense—and we are hearing this from our utilities and from our developers in Scotland who operate pan-UK, or indeed globally—that much of the work they are doing, and much of the growth opportunity, is coming from English city regions rather than Scotland.

It is a complex picture, but there is more to be done. I just think we feel that there are opportunities for greater devolution in order to maximise the benefits of public-private co-operation. Again, it is always about that partnership working for the Scottish and UK Governments with those local authorities, businesses, higher education and so on.

Harriet Cross: Thank you. Dave, do you have anything to add?

Dave Moxham: I do not have too much to add. There is politics and then there is delivery, isn't there? I am not going to lie. It is a concern, particularly in the run-up to the Scottish Parliament election, that some of our initiatives—even if there is a lot of value to them—are being described in terms of being about the political failure of the other. Okay, politics is politics and that is going to happen, but it is not helpful. It is not helpful to have some of these interventions presented as alternatives rather than as potential for partnership working.

I also think that it is necessarily more complicated because of the nature of devolution, I am a director of the Forth greenport, and it is just more complicated to operate within varied legislatures where you have the UK Government dealing with national insurance and the local authorities are dealing with the NDRs, the non-domestic rates reductions. Both Governments have to sign off on this, and local government sits within it.

Now, this is not me making a case for constitutional change, either way. It is just me recognising that really careful, painstaking, co-operative



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work has to be done, because there is value in that, but the value has to be mined. If there is too much politics or too much failure at the early stages to get the architecture of delivery right, whether we are talking about further education and skills, or the role and function of councils, or housing within that, and the rest of it, we have to do the really careful, co-operative work that politics does not always help us with, to do that and get the value out of it.

I am really glad to have given the time, 18 months, on the Forth greenport board, just observing how difficult it is to do well; just how difficult it is.

Sara Thiam: And it is becoming a barrier to growth.

Harriet Cross: Thank you both very much.

Chair: Colleagues, we will have to pick up the pace a little bit, if we are going to get through.

Q260 **Kirsteen Sullivan:** Sara, you have already touched on the improved working relationships between the UK and Scottish Governments. Specifically, with regard to the industrial strategy, do you have a sense that the two Governments have been working effectively together? If you think there is room for improvement, what steps do you think could be taken to improve co-ordination to make sure there is more joined-up thinking?

Sara Thiam: Has the engagement been quite enough? Our view is probably not yet, but we have done a lot of work. It was great to see Dame Nancy Rothwell coming up to Scotland to engage with stakeholders about a month or so ago. We worked very closely with the Department for Business and Trade to arrange roundtables for Scottish stakeholders to make sure that Scottish sectoral expertise was informing the strategy. We have been very proactive with DBT, DESNZ and right across the piece, but we might have expected a bit more engagement with the council, and we are a little concerned about the lack of knowledge and interest in the Scottish economy on the council.

I do not know if you are going to come on to ask about this. I think that taking the views of Scottish stakeholders without clear representation on the council is potentially a gap, but there is perhaps an opportunity—with a number of advisory council members coming to the end of their tenure or stepping down—to address that gap, to have at least one member drawn from the Scottish economy.

I think about how the council interacts with key non-governmental organisations. There has been good co-operation and collaboration between officials, as I understand it. However, I think there is more to be done in terms of engaging beyond that, with industry and with non-governmental organisations like our own, for example, because Scotland has an industrial council, and has had one for nearly a hundred years.



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Dave Moxham: Again, I concur with Sara. I will hold back, expecting that you might ask us about the role, remit and membership of the council itself.

There are some green shoots. I am hopeful that the reconvening of the Scottish Business Growth Group can be a positive thing. I think people probably know what that is, but it is joint-chaired in Scotland by the Secretary of State for Scotland and a senior Scottish Government Minister—I think it is Kate Forbes at the moment. That is positive.

I went to the launch of GB Energy and its skills plan, and I was really pleased to see that the geography of Scottish skills organisations seems pretty well embedded in that and has been from the start. So these are good green shoots but, going back to my jigsaw, it would be nice to connect them. You would expect me to say this, but there needs to be an expansion of its depth and breadth.

I will jump ahead. I would personally favour direct Scottish industry representation on the group. Going back to my point—I think everyone's point—about understanding the geography of devolution and how it applies to industrial development is a very difficult subject. I have been trying to do it for 20 years, and I am still pretty confused.

Sara Thiam: We totally understand that it is really difficult. We cannot have a representative of every nation, region and sector, but we are concerned that, as currently constituted, the council will not understand the Scottish economy and the interactions between reserved and devolved.

For example, the Industrial Strategy Advisory Council took an early interest in the review of electricity market arrangements, and it was not clear to us that the council understood the potential for zonal pricing to deter investment in Scotland. There was no grasp of the impact that was having on the floating offshore wind sector.

We would advocate that at least one member of the Industrial Strategy Advisory Council, and of the expert groups that are going to be convened around the growth-driving sectors, needs to be drawn from the Scottish economy and supported by a mechanism that links to business, academia, trade unions, local government and third-sector organisations based in Scotland. Only the Scottish Council for Development and Industry has that breadth and depth of membership.

Kirsteen Sullivan: Thank you. You have given such a comprehensive answer that you have answered my next question.

Q261 **Elaine Stewart:** We understand that the council has engaged with Prosper. Could you outline the nature of that discussion?

Sara Thiam: Our president wrote to the chair—gosh, a long time ago, back in January, I think—to welcome the creation of the advisory council, to explain the nature of the Scottish Council for Development and Industry, and to extend the offer of joint working and collaboration to inform the council. There have been a few conversations with officials,



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and we have organised a number of workshops since then. That is the extent of the involvement at this stage.

Q262 **Elaine Stewart:** Would you say that you are feeling reassured?

Sara Thiam: I think there is more to be done. I have flagged one specific issue that had a potential negative impact on our growth area in Scotland.

Q263 **Elaine Stewart:** Do you think the council understood the nature of that?

Sara Thiam: I think a knowledge and understanding of how the Scottish economy works and what the critical opportunities and challenges are might usefully inform the council.

Q264 **Elaine Stewart:** Dave, has the Scotland Office or the council engaged directly with the STUC about the industrial strategy?

Dave Moxham: Not particularly, but we should stress that at one level at least, in representing workers who happen to be in Scotland, our sister organisation—we are independent from the TUC—has been and continues to be deeply involved. We did not get everything we want, and we never do, but, generally speaking, it is quite positive on a UK basis about how the interests of working people are being placed within the strategy, as well as some of the complementary strategies such as the carbon jobs strategy and others.

We get the opportunity to impress our views upon the TUC. Being entirely frank with you, I could not claim to have been knocking on doors that have not been answered. I may just not have been knocking on them, and that is simply a question of resources. We are strongly supportive of the view that the SCDI—I can't stop calling you the SCDI, I am sorry.

Sara Thiam: That is fine. We are still constituted as the SCDI.

Dave Moxham: The SCDI is well placed to bring together industry, workers and civil society interests to do that job. While we would never give up our agency in terms of the need, from time to time, to make representations—particularly on key things such as Grangemouth, offshore oil and gas, and various other things—we are comfortable that there is an architecture in Scotland that we can feed into, and an architecture at UK level through the trade union movement that we are able to feed into. I do not have any enormous complaints, as things stand, about a lack of engagement. It is really about what happens next, and in that sense I would associate myself with Sara's comments.

Q265 **Maureen Burke:** Part of my question has perhaps been answered, but the Government plan to put the council on a statutory footing. What benefits do you see in this move, and what key components should be considered during the legislative process to ensure that a new statutory council delivers lasting impact?

Sara Thiam: I said earlier that we do have a chequered history with industrial strategy, and a bit of a stop-start as Ministers and Governments have come and gone. Placing the council on a statutory footing could help to ensure that it survives that political churn. The



critical success factor for industrial strategy is that it is long term, as it takes time to develop over a number of years, so I think that is a potential positive.

However, I think there is a perception that the establishment, for example, of the National Infrastructure Commission as an executive agency potentially reduced its independence from Government. I think that the real value of such statutory bodies is that they can act as a critical friend to Government, so I suppose that establishing the council as an independent, non-departmental public body like the OBR, for example, or the Climate Change Committee could protect it from any perception of Government interference and bolster its credibility, potentially.

As I said earlier, the critical piece—and perhaps now there is an opportunity—is to ensure that there is expertise on the Scottish economy and the nature of devolved arrangements, and to ensure that there is an understanding of how we get that growth right across the UK. It is a UK industrial strategy, after all.

Dave Moxham: Mine is largely the same answer. If it is on a statutory footing, it is more robust in terms of political change at Westminster. It is also more robust in terms of political change within the devolved nations.

Having a clear mission can be very important, and having civil service support, frankly, because it is very often about the expertise, the confidence and the mission of the people who support this, and having people who are able to develop sustainable relationships with business and other stakeholders in a way that will be understood to endure.

Nothing is immune from political change, but moving into electoral moments where there is an understanding that political parties should talk about how they intend to deliver on a pre-existing mission, rather than whether or not a non-statutory body will last the first 100 days of a new Administration, is important.

Q266 **Dave Doogan:** Dave, I was not going to ask this, but you mentioned it, so I will probe it. Some people, perhaps including me, are concerned that Ministers of either Government, who are necessarily generalists and certainly not experts, are relying on expert advice coming from officials within the civil service and within UK and Scottish Government agencies. I have met quite a few of them, and some of them are hugely impressive. However, when you look at the outputs over time, the cumulative effect of outputs of ministerial and governmental decisions formed by advice from officials, are you concerned that sometimes officials do not have a sufficiently well-calibrated understanding of the industries they are advising Ministers to legislate on?

Dave Moxham: Yes.

Sara Thiam: That is where there is a role for non-governmental organisations. I am conscious of our own constitution as an organisation. That independence from Government is very important, but it also means it is entirely supported by our members, who are businesses large and



small, local government, trade unions, universities and colleges. However, they themselves are in challenging economic environments, and there can be a temptation for them to step back when times are challenging or to retreat into the silo of local government or business, when actually it is the very time that you need to come together across Government, business and wider society, as J. Ramsay MacDonald understood very well. It is very worth reading his introduction to our first annual report from 1932, because the issues are the same.

Chair: On that note, we will stop there and hope the future is brighter. Thank you both very much for coming along today, and for your time and evidence. It has been very helpful.

Examination of witnesses

Witnesses: Dame Nancy Rothwell and Leonie Lambert.

[This evidence was taken by video conference]

Q267 **Chair:** Good morning, and welcome to our witnesses on this second panel on the industrial transition in Scotland. I am very pleased to welcome both of you to our meeting. I hope we can hear one another well, which will help discussions. I ask you both very briefly to say who you are and what your role is.

Dame Nancy Rothwell: I am deputy chair of the Industrial Strategy Advisory Council. I am also an emeritus professor at the University of Manchester and have a number of other roles, largely on funding bodies in the UK. I was vice-chancellor of the University of Manchester for 14 years, until last year.

Leonie Lambert: Hi, I am Leonie Lambert. I am the director of the Industrial Strategy Advisory Council's secretariat, so I head up the team that supports Nancy and the council in their work.

Q268 **Chair:** Thank you both very much. We will go straight into questions. Hopefully we will not keep you too long.

Dame Nancy, as I understand it, your role involves advising Government on the development and delivery of the industrial strategy. Could you give us an idea of how you approached the advisory work during the strategy's formation?

Dame Nancy Rothwell: Obviously, as you quite rightly point out, we are advisory. Our mandate is set by Government. There was a huge amount of work done in the development of the strategy. When we first met, the Department for Business and Trade had already done a large analysis of feedback from a whole range of industries across all sectors and all parts of the United Kingdom on the key issues that mattered to



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them. Interestingly, exactly the same issues came up when I visited Scotland. I am happy to elaborate on that.

We had a whole series of meetings with Ministers, trade unions, mayors, businesses, business representation, the CBI, and indeed with Scottish representation. We already had the eight sectors, but during that process we focused on the key areas of feedback from businesses across the United Kingdom. As I mentioned, they were the same when I visited Scotland. Skills, access to finance, electricity costs, bureaucracy and red tape, and the importance of innovation all came up in every sector in every part of the country.

Q269 Chair: That is interesting. You have covered the feedback you were getting from stakeholders about that. Presumably they might have also given you feedback about the gaps they perceived in the strategy. Could you give us an idea of those?

Dame Nancy Rothwell: The feedback on the strategy has been incredibly positive from all sectors. When I spent a day in Edinburgh in September, we had a roundtable with quite a number of stakeholders, including trade unions, business representation and Colleges Scotland, hosted by Minister Kirsty McNeill. They also felt that the strategy was about right and that it covered the right areas—the right areas for Scotland as well as for other parts of the United Kingdom.

I have asked all stakeholders, not just those from Scotland but in other meetings we have had subsequently, “Are there gaps?” Now, inevitably each region has something that it particularly wants to focus on, but overall the feedback was, “No, there are no gaps.” Of course, the biggest issue now for everybody, Scotland included, is delivery on that strategy. We, of course, are accountable for that.

Q270 Chair: Of course. It has been suggested to us that one of the gaps, particularly in relation to Scotland, may well be the spirits industry. Is that something that has been fed back?

Dame Nancy Rothwell: It was mentioned at the roundtable, and I said that of course the Industrial Strategy Advisory Council did not choose the sectors. They were chosen by the UK Government. We recognise that for Scotland there are some specifics, and the spirits industry is one of them, but I think His Majesty’s Government would say that there are lots of areas specific to given regions, but in the end you cannot do everything. We recognise that there are things specific to regions, not just to Scotland but to the regions of England and to the other devolved nations. We could have come up with a list of 20, which probably we could not have dealt with well.

Q271 Mr Angus MacDonald: I am the MP for Inverness, Skye and West Ross, and by far our biggest economic sector is tourism. We suffer a great ageing population and the emigration of our young, and we have a major issue in the industry. I wonder if I could put forward the idea that your strategy is based on strong sectors, and that sectors like the one that matters in my constituency have been ignored, even though it is in a



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desperately difficult state. You are helping the strong and sacrificing the weak.

Dame Nancy Rothwell: I think the sectors were chosen for their potential, rather than for being strong currently. Obviously, a key driver is economic growth. We fully recognised the importance of tourism, not just in Scotland but in other parts of the United Kingdom.

The ageing population and emigration of the young came up in my discussions at the roundtable, and I am part of the Labour Market Evaluation Group that is looking at the availability of skills across all sectors. At the moment, I have only had data for the UK, and I have pressed very hard for data from regions because we know that in specific parts of the country there is strong skills availability and in other parts it is much weaker. That LMEG will be reporting back both to the Industrial Strategy Advisory Council and to Government.

Q272 **Dave Doogan:** Dame Nancy, you mentioned a consistency of challenge that you had uncovered in your discussions with industry across the United Kingdom—I may be putting words in your mouth—principal among which, or certainly a major one among which, was access to skills. Did you find that was particularly acute in one part of the United Kingdom versus the others?

Dame Nancy Rothwell: There are pockets where it is more significant than others.

Q273 **Dave Doogan:** Where would they be?

Dame Nancy Rothwell: We do not have the data on a regional basis as yet. We will get the data. However, it was consistent across all sectors and every meeting that we have had. That came out as the No. 1 issue.

Q274 **Elaine Stewart:** Dame Nancy, now that the strategy has been published, how do you intend to monitor the delivery?

Dame Nancy Rothwell: That is an important remit for the council. We will both be given specific projects by the Government to deliver on, and to report on in depth, but our key task after the strategy was published is monitoring and evaluation. There is a subgroup of the council that is particularly focusing on that, but that is the responsibility of the whole council. We are now working on what measures we would use: too detailed and we may miss the big picture; too broad and it will be very hard to pin down where that delivery is not happening.

The first stage will be: what is being implemented? The next stage is: what impact is it having? Now, in some cases those impacts might be quite quick. In many cases, they will take quite a long time.

Q275 **Kirsteen Sullivan:** Dame Nancy, you touched on the roundtable that you hosted in Edinburgh and the stakeholders there, but which other Scottish stakeholders has the council engaged with since its formation, and what engagement have you had with the Scottish Government?

Dame Nancy Rothwell: We have had quite a number of engagements. The chair of the council, Dame Clare Barclay, met the right hon. Ian



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Murray in February. She met First Minister Kate Forbes in April. I met First Minister Kate Forbes on my visit to Edinburgh in September, and then there was the roundtable, as I mentioned. I also met the University of Edinburgh and Edinburgh Innovations. Clare also met Mr Lochhead more recently, just over a week ago, and we have regular meetings with the Minister responsible for industrial strategy, which is the right hon. Blair McDougall. There have been quite a number of meetings, and more will be planned.

Q276 **Kirsteen Sullivan:** And with other Scottish stakeholders?

Dame Nancy Rothwell: The Trades Union Congress, businesses representatives, Colleges Scotland and the Federation of Small Businesses were all involved in the roundtable.

Q277 **Kirsteen Sullivan:** Can you tell me a little more about how evidence from the Scottish Government and stakeholders has fed into the work of the council?

Dame Nancy Rothwell: We have taken evidence from all parts of the country, and Scotland has fed in. I would say that was fundamental. That and the survey done by the Department for Business and Trade before the council started its work were absolutely critical in determining where our focus is and what our recommendations are.

Clearly, we had to focus on what we believed Government could deliver and what was achievable. Nevertheless, we tried as much as possible to ensure that the information we gained from all the stakeholders—and in England, obviously the mayors were particularly important, but I personally met the CBI, and I met the trade unions a number of times—was critical in feeding into the strategy.

Q278 **Chair:** Dame Nancy, we have heard concerns that the absence of a Scottish representative on the council might limit its ability to fully understand Scotland's specific challenges and opportunities. Is that a view you would share?

Dame Nancy Rothwell: Several of the council members have a lot of experience in Scotland. It is not the council's remit to choose council members. The Government make those decisions. We have three vacancies for which the Government are considering potential candidates, and they are aware of the need for diversity on the council.

Q279 **Chair:** That is good. Would you assure us that Scotland's economic context is being properly considered in the council's work?

Dame Nancy Rothwell: I believe it is, yes. There is certain data that we have already had on economic growth, and a lot of analysis that included Scotland. I think the gap we will have shortly is on skills availability across the Scottish regions.

Chair: That is interesting, in the context of some inquiries that we are about to undertake and some that we have already undertaken.

Q280 **Maureen Burke:** Dame Nancy, how confident are you that Scotland stands to benefit meaningfully from the UK Government's industrial



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strategy?

Dame Nancy Rothwell: I am reasonably confident, because I think it addresses some of Scotland's real strengths in advanced manufacturing, defence, financial services and life sciences. These are all recognised strengths of the Scottish economy. Of course, our job is not to deliver—that is the Government's job. Therefore, my confidence has to rely on their ability to deliver, both nationally across the UK and in the devolved nations.

Chair: Dame Nancy, Ms Lambert, thank you very much. Those are the questions we had for you this morning. We are very grateful to you for being with us and for giving up your time, and we wish you all the best with the important work you have ahead of you. Thank you very much.