



THE BUSINESS BOARD

| | |
|-----------------------|----------------------------|
| BUSINESS BOARD | AGENDA ITEM No: 2.1 |
| 30 APRIL 2018 | PUBLIC REPORT |

KEY ELEMENTS OF THE INDUSTRIAL STRATEGY

1.0 PURPOSE

- 1.1. In November 2017 the Government released the 'Industrial Strategy'. It has direct relevance to the Business Board and the Combined Authority as its key message is that we will work with Government to support the development and growth of new industries and address the challenges the UK faces in the 21st Century.
- 1.2. Importantly, one of the five foundations is place, which amongst other things acknowledges that we can't understand economic activity and growth properly without an understanding of place. This links to the vision which is being developed for the Business Board which is anchored in place.
- 1.3. This report acknowledges that we are working work of the Independent Economic Commission will also play an important role in developing our Local Industrial Strategy and considers the timetable for delivery of the Local Industrial Strategy.

| <u>DECISION REQUIRED</u> | |
|-------------------------------------|---|
| Lead Member: | Cllr Charles Roberts, Chair of the Business Board and Economic Growth Portfolio Holder of the Combined Authority |
| Lead Officer: | Harriet Fear, Interim Director of Business and Skills |
| Forward Plan Ref: N/A | Key Decision: No |
| The Business Board is asked to note | Voting arrangements No vote required |

| | |
|--|--|
| <p>(1) the key messages of the Industrial Strategy and how this links to the vision of the Business Board</p> <p>(2) the developing vision for the Board, which aligns well to the Industrial Strategy</p> <p>(3) The Business Board is asked to note that a Local Industrial Strategy is in development and will build upon the findings of the Independent Economic Commission</p> <p>(4) That interim report of the Independent Economic Commission will be reported to the next meeting of the Business Board to inform the development of the Local Industrial Strategy</p> | |
|--|--|

2.0 BACKGROUND

2.1. Key points of the industrial strategy

Five Foundations

2.2. The Government has identified [five foundations](#) of productivity which are "the essential attributes of every successful economy". These are:

- Ideas (R&D, innovation)
- People (skills and education)
- Infrastructure (broadband, energy, transport)
- Business environment (support for specific sectors and SMEs)
- Places (tackling regional disparities)

2.3. The policies in the industrial strategy are categorised according to which foundation they support and are summarised below.

Grand Challenges

2.4. Improving the Five Foundation will enable to UK to tackle a series of [Grand Challenges](#) that the government has identified which will help the UK "take advantage of global changes, improve people's lives and the country's productivity."

2.5. The Grand Challenges are

1. **AI and the data revolution** (how to embed and maximise the advantages of AI and data)
2. **Clean growth** (low carbon technologies across the economy)

3. **Mobility** (low carbon transport, automation, infrastructure)
4. **Aging society** (healthcare and labour market challenges)

Sector deals

- 2.6. These partnerships between government and industry help industries to overcome specific issues that they face. These partnerships will involve industry councils which meet regularly to identify issues and decide how to tackle them. The councils include industry leaders and government representatives.
- 2.7. This model has been used successfully in the automotive, creative and aerospace industries for several years.
- 2.8. Five sector deals have been announced so far (some of which already have sector partnerships with government). Other sector deals will be announced in the new year. The theory behind the details is outlined in [a policy paper from BEIS](#). The five sectors deals are:
 - [Life sciences](#)
 - Construction
 - Artificial intelligence
 - [Automotive](#)
 - [Creative industries](#)
- 2.9. The Government will create an independent **Industrial Strategy Council** to assess progress and make recommendations to the government.

Key industrial policies

Ideas

- R&D investment raised to 2.4% of GDP by 2027 (including £12.5 billion more public R&D investment by 2021/22)
- R&D tax credit increased from 11% to 12% in January 2018
- £725 million over four years invested in Wave 2 of the [Industrial Strategy Challenge Fund](#). This competitive funding programme will address themes related to the Grand Challenges.

People

- New technical education system as recommended in the [Skills Plan](#), including 'T Levels' (emphasising technical skills) and apprenticeships
- Invest £400 million in maths, digital and technical education
- Create a National Retraining Scheme by the end of the Parliament, including £64 million investment for digital and construction retraining
- Increase ethnic minority employment and employment of disabled people. Support carers into work.

Infrastructure

- National Productivity Investment Fund increased to £31 billion by 2022/23 to develop transport, housing and digital (of which £24 billion already allocated)
- Electric vehicle infrastructure (such as charging points and car grants) investment increased by £100 million
- Digital infrastructure investment in 5G, rural broadband and data accessibility.

Business environment

- Sector deals to help sectors overcome problems specific to their industry
- Fund more high potential businesses through the British Business Bank, including through the Investment Fund
- Increase productivity in SMEs by analysing the reasons for variable rates of productivity.

Places

- Local Industrial Strategies to deliver economic growth across the UK, helping to develop high growth clusters where appropriate
- Transforming Cities Fund to develop transport links between cities
- Pilot a Teacher Development Premium that will help develop high-quality teachers in areas with lower performing schools.

3.0 FINANCIAL IMPLICATIONS

3.1. There are no financial comments

4.0 LEGAL IMPLICATIONS

4.1. There are no legal comments.

5.0 SIGNIFICANT IMPLICATIONS

N/A

6.0 APPENDICES

N/A

| <u>Source Documents</u> |
|--|
| <p>List background papers: Industrial Strategy: building a Britain fit for the future – White Paper – Published by Department for Business, Energy & Industrial Strategy https://www.gov.uk/government/topical-events/the-uks-industrial-strategy</p> <p>Introduction to Sector Deals: Published by Department for Business,</p> |

Energy & Industrial Strategy

<https://www.gov.uk/government/publications/industrial-strategy-sector-deals/introduction-to-sector-deals>