

Press release: Government unveils Industrial Strategy to boost productivity and earning power of people across the UK

- Business Secretary launches flagship Industrial Strategy for the UK today with a plan to boost the economy, build on the country's strengths and embrace the opportunities of technological change
- Industrial Strategy Challenge Fund will invest £725 million in new Industrial Strategy Challenge Fund programmes to capture the value of innovation
- launch of the Industrial Strategy comes as government announces it has secured a major strategic investment into UK by world leading life sciences company MSD
- first 'Sector Deals' – construction, artificial intelligence (AI), automotive and life sciences – to help sectors grow and equip businesses for future opportunities
- 4 'Grand Challenges' which will take advantage of global trends to put the UK at the forefront of the industries of the future

Business Secretary Greg Clark has today (27 November 2017) launched the government's ambitious Industrial Strategy, setting out a long-term vision for how Britain can build on its economic strengths, address its productivity performance, embrace technological change and boost the earning power of people across the UK.

With the aim of making the UK the world's most innovative nation by 2030, the government has committed to investing a further £725 million over the next 3 years in the [Industrial Strategy Challenge Fund \(ISCF\)](#) to respond to some of the greatest global challenges and the opportunities faced by the UK. This will include £170 million to transform our construction sector and help create affordable places to live and work that are safer, healthier and use less energy, and up to £210 million to improve early diagnosis of illnesses and develop precision medicine for patients across the UK.

The government has previously [committed £1 billion to the first wave of Industrial Strategy Challenge Fund projects](#), including investing £246 million in next generation battery technology and £86 million in robotics hubs across the UK.

Last week the Prime Minister [announced an ambition to increase the level of investment in research and development \(R&D\)](#), rising from 1.7% to 2.4% of GDP by 2027. This could mean around £80 billion of additional investment in advanced technology in the next decade, helping to transform whole sectors, create new industries, and support innovation across the country.

The white paper also confirms government will be pressing ahead with a series

of [Sector Deals](#), with construction, life sciences, automotive and AI the first to benefit from these new strategic and long-term partnerships with government, backed by private sector co-investment. Work will continue with other sectors on transformative sector deals.

Ahead of the signing of the Life Sciences Sector Deal, due in the next few weeks, the government has [confirmed today that world-leading life sciences company MSD is set to make a major investment into the UK economy with the opening of a new state-of-the-art UK hub](#), helping ensure innovative research into future treatments for patients and pioneering medicines are completed in Britain.

The investment announced by MSD today will support a new world-leading life sciences discovery research facility in the UK, supporting 950 jobs.

Prime Minister Theresa May said:

Our modern Industrial Strategy will shape a stronger and fairer economy for decades to come. It will help create the conditions where successful businesses can emerge and grow, and support these businesses in seizing the big opportunities of our time, such as artificial intelligence and big data, whilst also making sure our young people have the skills to take on the high-paid, high-skilled jobs this creates.

As we leave the European Union and forge a new path for ourselves, we need to focus on building a better future for our country and all the people who live in it. With the Budget last week, and our Industrial Strategy in the years ahead, we will build a Britain fit for the future.

In the strategy, the government has identified [4 Grand Challenges](#); global trends that will shape our rapidly changing future and which the UK must embrace to ensure we harness all the opportunities they bring. The 4 are:

- artificial intelligence – we will put the UK at the forefront of the artificial intelligence and data revolution
- clean growth – we will maximise the advantages for UK industry from the global shift to [clean growth](#)
- ageing society – we will harness the power of innovation to help meet the needs of an ageing society
- future of mobility – we will become a world leader in the way people, goods and services move

Each Grand Challenge represents an open invitation to business, academia and civil society to work and engage with the government to innovate, develop new technologies and ensure the UK seizes these global opportunities.

Business Secretary Greg Clark said:

The way we earn and live our lives as workers, citizens and consumers is being transformed by new technologies. The UK is well-placed to benefit from this new industrial revolution and we start from a position of significant strength. We have a thriving research and science base and are home to a wide range of innovative sectors, from advanced manufacturing and life sciences, to fintech and creative industries.

The Industrial Strategy is an unashamedly ambitious vision for the future of our country, laying out how we tackle our productivity challenge, earn our way in the future, and improve living standards across the country.

The white paper follows extensive engagement by government with industry, academia and business bodies who submitted almost 2,000 responses to the [green paper consultation](#) earlier in 2017.

The strategy unveiled today reflects this engagement, with a new and unique partnership between government, academia and industry, supported by policies that are committed to making the UK economy more productive and giving it a competitive edge in the future and abroad.

The white paper focuses on the [5 foundations of productivity](#) – ideas, people, infrastructure, business environment and places – with a clear and complementary vision for each.

Each foundation is supported by a range of policies designed to provide businesses with certainty and reassurance that the UK will continue to have a competitive edge, including:

- raise total R&D investment to 2.4% of GDP by 2027
- increase the rate of R&D tax credit to 12%
- invest £725 million in new Industrial Strategy Challenge Fund programmes to capture the value of innovation

People

- establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system
- invest an additional £406 million in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills
- create a new National Retraining Scheme that supports people to re-skill, beginning with a £64 million investment for digital and construction training

Infrastructure

- increase the National Productivity Investment Fund to £31 billion, supporting investments in transport, housing and digital infrastructure
- support electric vehicles through £400 million charging infrastructure investment and an extra £100 million to extend the plug-in car grant

- boost our digital infrastructure with over £1 billion of public investment, including £176 million for 5G and £200 million for local areas to encourage roll out of full-fibre networks . ###Business environment
- launch and roll-out Sector Deals – partnerships between government and industry aiming to increase sector productivity; the first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector
- drive over £20 billion of investment in innovative and high potential businesses, including through establishing a new £2.5 billion Investment Fund, incubated in the British Business Bank
- launch a review of the actions that could be most effective in improving productivity and growth of small and medium-sized businesses, including how to address what has been called the ‘long tail’ of lower productivity firms

Places

- agree local industrial strategies that build on local strengths and deliver on economic opportunities
- create a new transforming cities fund that will provide £1.7 billion for intra-city transport; this will fund projects that drive productivity by improving connections within city regions
- provide £42 million to pilot a Teacher Development Premium; this will test the impact of a £1,000 budget for high-quality professional development for teachers working in areas that have fallen behind

To ensure that the government is held to account on its progress in meeting the ambitions set out in the strategy, an Independent Industrial Strategy Council will be launched in 2018 to make recommendations to government on how it measures success.

Juergen Maier, CEO Siemens UK, said:

By working in strong partnership with national and local government, we have created a very positive example of Industrial Strategy in action for the off-shore wind industry in the Humber which is creating a new and vibrant local economy.

Through today’s Industrial Strategy announcement we are optimistic that through greater investment in R&D, and especially through the application of advanced industrial digital technologies like AI and robotics, we can support many more new and existing manufacturing industries – raising productivity and creating thousands of new highly skilled and well paid jobs.

Mike Cherry OBE, National Chairman of Federation of Small Businesses, said:

FSB has been delighted to work with the Business Secretary Greg

Clark as he delivers this government's first Industrial Strategy. The UK's 5.5 million small businesses have a huge role to play, if we are to increase productivity across the economy, and in every sector. This is the only way to achieve sustained wage growth and higher living standards.

We particularly welcome the focus on improving technical skills, new physical and digital infrastructure and increased research and development. Local industrial strategies and local investment such as the new Strength in Places Fund are also very welcome steps.

Stephen Martin, Director General of the Institute of Directors, said:

The Industrial Strategy identifies the key challenges that the UK economy will need to overcome if businesses are to remain competitive in an increasingly global race. It also takes some important steps in starting the flow of public investment to overcome these hurdles. We hope it will become the cornerstone of a long-term vision of post-Brexit Britain, one that promotes innovation and the free flow of ideas.

It is particularly welcome to see how the government has acknowledged the calls from industry to take a more broad-based approach to addressing questions around skills, infrastructure and research to support our future economy. We hope this will continue as these plans are taken forward.

Terry Scuoler, EEF Chief Executive, said:

The introduction of a new Industrial Strategy is key to supporting efforts to improve productivity and invest in not just current industries, but those of the future which are set to radically change the ways in which people live and work.

The white paper acts as a good foundation for a new partnership with industry where government and business can ensure consistency in policy thinking and implementation to ensure the UK is world leader in these new technologies.

And by introducing independent scrutiny of the progress of these plans, the government is signalling that there will be a strong focus on measuring delivery which boardrooms will recognise and welcome.

Adam Marshall, BCC Director General, said:

Chambers of Commerce have been working actively with government to

develop the Industrial Strategy, and we are pleased that the concerns and ideas of business communities across the country have been listened to.

Businesses will welcome the sense of mission that infuses the Industrial Strategy, as well as its assessment of the challenges and opportunities that the UK faces, particularly as both businesses and government look to forge a new path beyond the European Union.

We have been clear that harnessing the potential of our cities, towns and counties is crucial to make our country more competitive and prosperous, and so chamber business communities will cheer the focus on places to boost productivity in local economies.

Over the coming months, it is crucial that the government listens to the full range of business voices when developing local and sector-based deals, so that firms of all sizes and sectors can buy into the Strategy for years to come.

Lord Adonis, Chairman of the National Infrastructure Commission, said:

A key part of securing long-term economic growth and increased productivity will be to invest in our infrastructure network – so I welcome that today’s Industrial Strategy has this at its heart.

It is significant that the strategy has a clear focus on developing new low-carbon technologies, but also that the first sector deals are in construction as we deliver major projects like HS2, and artificial intelligence technology which could transform how we operate and maintain our infrastructure.

These will be key considerations as we work to deliver the country’s first-ever National Infrastructure Assessment to tackle the 3 Cs of congestion, capacity and carbon for the country’s long-term economic benefit.

Mike Thompson, Chief Executive of the ABPI, said:

The government’s Industrial Strategy is significantly important in providing a long-term strategic roadmap for UK business. As we navigate the challenges of leaving the European Union, it is important we continue to make the domestic landscape as attractive as possible.

We now look forward to further detail on the sector deals between the pharmaceutical industry and government on the back of Sir John Bell’s impressive Life Sciences Industrial Strategy. These deals are just the first steps but will be instrumental in securing the

future strength of the UK life sciences industry, helping the UK economy prosper and allowing NHS patients to get better and faster access to world-class medicines discovered and developed here in Britain.