

Press release: Record boost to R&D and new transport fund to help build economy fit for the future

As part of the Industrial Strategy's aim to improve productivity and create better and higher-paying jobs across the UK, the government will:

- Work with industry to boost spending on R&D to 2.4 per cent of GDP by 2027, which could increase public and private R&D investment by as much as £80 billion over the next 10 years. We will start by making an extra investment of £2.3 billion in 2021/22, raising total public investment in R&D to £12.5 billion that year alone.
- Launch a £1.7 billion Transforming Cities Fund that will improve transport links and promote local growth within city regions, placing cities at the heart of our industrial strategy. This includes £250 million for better transport in the West Midlands.

The Prime Minister will visit the West Midlands today with the Chancellor and Business Secretary beginning a week in which the government will set out its plan for a stronger economy and fairer society.

Writing in The Times today, the Prime Minister said:

"One of my first actions as Prime Minister was to begin the development of a modern industrial strategy that will help businesses to create high-quality, well paid jobs right across the country.

"This is a new long-term approach to shaping a stronger and fairer economy for decades to come.

"It helps young people to develop the skills they need to take up the high-paid, high-skilled jobs of the future.

"Our Industrial Strategy will propel Britain to global leadership of the industries of the future, seizing the big opportunities of our time – from Artificial Intelligence and Big Data to clean energy and self-driving vehicles."

This investment will see public R&D spending increase as a share of GDP for each of the next five years and bring investment to levels last seen in the 1980s. It builds on the commitment made last year to raise R&D spending from £9bn in 2015/16 to £12bn in 2020/21.

Next Monday the launch of the Industrial Strategy White Paper will announce four Grand Challenges that reflect global trends that will shape our future

and industries where the UK has an edge, these are artificial intelligence and the data economy; clean growth; healthy ageing; and the future of mobility.

The government will work with business, academia and civil society to build on UK strengths in these areas and ensure Britain's economy is fit for the future. The Business Secretary will set out more detail on these Grand Challenges next week.

The Business Secretary, Greg Clark said:

"Through our Industrial Strategy we are committed to building a knowledge and innovation-led economy and this increase in R&D investment, to 2.4 per cent of GDP, is a landmark moment for the country.

"The UK is a world leader in science and innovation. By delivering this significant increase as part of our Industrial Strategy, we are building on our strengths and working with business to ensure that UK scientists and researchers continue to push the boundaries of innovation.

"We want the UK to attract, and create, the best and brightest talents, from Nobel Prize winners to ambitious graduate students, and this game-changing investment will ensure we are the home of the industries of the future and high-quality, good jobs."

The Transforming Cities Fund will address weaknesses in city transport systems in order to raise productivity and spread prosperity. It will fund new local transport links, making it easier to travel between often more prosperous city centres and frequently struggling suburbs.

This will help make sure people across the country have better options to combine different modes of transport – supporting projects which will improve connectivity, reduce congestion and introduce new mobility services and technology.

The Secretary of State for Transport, Chris Grayling said:

"Investment in transport is crucial to a strong and resilient economy. The Transforming Cities Fund will drive productivity and growth in cities where this is most needed, connecting communities and making it quicker and easier for people to get around.

"We have already seen the impact of better integrated transport links for both passengers and the local economy in cities like Nottingham and Manchester. This new fund will enable more English cities to reap these benefits, helping to deliver the opportunities and ambition of the Industrial Strategy across the country, as well as driving forward the Northern Powerhouse and Midlands Engine."