

## The Industrial Strategy - detail

The Industrial Strategy is a 254 page whopper of a policy document, which is not the easiest of policy reads – but here is an initial summary briefing. We have listed the key priorities around the foundation feeds *and provided a BIA comment in italics.*

### Key Points

- The Industrial Strategy is built on **five foundations**: ideas; people; infrastructure; business environment; and places – some of which are relevant to the life sciences sector specifically, others to business more generally
- It sets four grand challenges: Artificial Intelligence and Data Economy; clean growth; the future of mobility (transport); and ageing society
- Some of the policies within are ones already announced in the Budget: 2.4 percent of GDP on R&D by 2027; R&D tax credit to 12 percent; £20bn patient capital package

### Foundation One : Ideas

#### Key Policies

- Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027
- Increase the rate of R&D tax credit to 12 per cent
- Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of inn
- **BIA comment:**
  - *Good to see life science ideas in this section: There have been major breakthroughs made in UK universities and research labs bought up by global businesses, including magnetic resonance imaging in the 1970s, lithium-ion batteries in the 1980s, monoclonal antibodies in the 1990s and genetic sequencing in the last decade. All of these are pioneering UK ideas being developed elsewhere or bought by businesses from overseas*
  - *Commitment to work with industry to establish a roadmap to meet the 2.4% of GDP on R&D*
  - *Will invest a further £725m in a second wave of the Industrial Strategy Challenge programme (this is in addition to the £1bn already allocated to ISCF but will be taken from the £4.7bn announced in Autumn Statement 2016). It'll be “aligned” with the grand challenges and sector deals*
  - *We will work with UKRI to develop a new competitive Strategic Priorities Fund, which builds on the vision of a ‘common fund’ in the Nurse Review. This will support*

*high quality R&D priorities that would otherwise be missed – **multidisciplinary and inter-disciplinary programmes** identified by academics and industry*

- *Introduce a **new Advanced Clearance Service for R&D expenditure credit claims***
- *Allocating a **further £44m of grant funding to enable Innovate UK to fund £150m of responsive grant competitions in 2017/18***
- *We will **develop an agile approach to regulation** that promotes innovation, the growth of new sectors, and innovative market entrants while ensuring effective protections for citizens and the environment*

## **Foundation Two: People**

### **Key Policies**

- Establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system
- Invest an additional £406m 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 £64m investment for digital and construction training
- **BIA comment:**
  - *Support for technical and STEM education is welcome*

## **Foundation Three: Infrastructure**

### **Key policies**

- Increase the National Productivity Investment Fund to £31bn, supporting investments in transport, housing and digital infrastructure
- Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant
- Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full fibre networks

## **Foundation Four: Business Environment**

### **Key policies**

- 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 £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank
- Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the 'long tail' of lower productivity firms
- **BIA comment**
  - *Budget announcements repeated: £2.5bn BBB fund; EIS/VCT improvements etc*
  - *Comment on spreading best business practice among SMEs (adopting accounting software, and improving skills to boost productivity)*
  - ***Productivity through People.*** *Through this, large businesses (such as BAE Systems, GlaxoSmithKline, John Lewis Partnership, Rolls-Royce and Siemens) reach out to SMEs in their supply chain, inviting them to a 12-month co-funded development programme. This is driven by business schools in the region and aims to improve SME skills to boost their productivity*
  - *Look to increase the level of R&D and innovation projects and high paid jobs coming to the UK. Of the world's 2,500 top R&D investors, just 50 companies are responsible for 40 per cent of private sector investment globally. We will work with our leading universities, research institutes and UK Research and Innovation to increase the proportion of R&D activity in these leading companies that takes place in the UK. UK-based R&D would increase by around a third if we attracted an additional five per cent of funding from the world's top 50 R&D investors*
  - ***We will explore how best to support multinational firms in locating their global and European headquarters in the UK, if it can be demonstrated that locating their headquarters here would create the positive economic impact we would look for in all investments***

## **Foundation Five: Places**

### **Key policies**

- Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities
- Create a new Transforming Cities fund that will provide £1.7bn for intracity transport. This will fund projects that drive productivity by improving connections within city regions
- Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1000 budget for high quality professional development for teachers working in areas that have fallen behind

- **GOVERNANCE**

The new governance structure announced is a **new independent Industrial Strategy Council** that will assess progress and make recommendations to the government.

Full document available [here](#)

