

Building our Industrial Strategy

Background

In January 2017, the Department for Business, Energy and Industrial Strategy (BEIS) published its green paper on the [industrial strategy](#).

Thames Valley Chamber of Commerce Group (TVCC) has reviewed the strategy document and, in consultation with selected members and partner organisations, prepared more detailed comments/observations. Our detailed comments, and therefore response, are framed by the green paper “10 pillars”.

The Chamber has drawn on these to:

- On behalf of the business membership of TVCC, submit a response direct to the Government.
- Share the content/complete the survey (22nd/03) of the British Chambers of Commerce (BCC) to ensure the Thames Valley’s view is considered in its response. Provide a detailed response to the BCC (submitted 13th/04).
- As appropriate/requested, share (13th/04) content with the region’s Local Enterprise Partnership’s (LEPs) and other key stakeholders (e.g. Universities) to help inform their individual response.
- Make a formal response to the Government (submitted 13th/04).

Key Headline Comments include:

1. In general terms, we welcome the green paper on the industrial strategy. Overall, it is an ambitious document. Whilst there are clearly details the wider strategic aims and objectives cannot be faulted.
2. Recognise and acknowledge the importance of driving growth across the whole country, but in so doing, emphasise the need to *‘invest in success’* in regions like the Thames Valley.
3. Agree that weaknesses in infrastructure and connectivity limit growth in certain areas – but not just those with low productivity. We have urged the Government NOT to prioritise its strategic investment decisions based on the lowest common denominator.
4. Welcome sustained efforts and consideration of how to boost **STREAM** skills at all levels in the workforce/business to drive innovation and improve productivity. We have suggested *adding* an ‘A’ (art, design & creativity) and ‘R’ robotics.
5. Recommend that the Government actively, and as appropriately directly, engage business-led membership organisations in shaping, framing and delivering the ambition set out, including for example, encouraging trade and delivering greater levels of investment; creating the institutions that will bring together sectors and places.
6. Ask the Government to “leave the educators alone to get it right” and encourage it to establish and maintain a period of stability with education and training systems.
7. Recommend increases to investment in green industries to help meet the ambition; our longer-term climate commitments and deliver sustainable, affordable energy and clean growth ‘beyond nuclear’.

8. Advised against any dilution of the global position and strength of R&D (including capacity to attract funding) plus capability of academic/ industry centres of excellence (such as those in/around Oxford).
9. Invest in the success of the Thames Valley – for the wider benefit of the UK.

What does a successful Industrial Strategy look like in your local area?

In responding to the BCC's question, we stated that a successful Industry Strategy is one that:

- a. Drives productivity, economic growth and ambition across each 'pillar'.
- b. Works for and in collaboration with business to shape, frame & deliver the ambition.
- c. Is equitable.
- d. Recognises the unique strengths and benefits (not just the weaknesses) of every UK region.
- e. Maximises the potential of every region (not just the politically dominant Midlands Engine [ME] and Northern Powerhouse [NP]).
- f. Invests in success and proven regions - (the aspiration of the ME & MP are 'all-well and good' but it is and will be the proven London and South East economy that will continue to drive the tax revenues and GVA growth to pay for this aspiration and required investment). For example, in one Strategic Economic Plan alone (Thames Valley Berkshire LEP) – for each £1 of Local Growth Fund invested will yield £11 GVA (at 2015/16 present values).
- g. Involves the BCC and works directly with its accredited Chamber network to deliver the ambition set-out, most notably the trade & investment services.

Key Headline Messages to Government

We welcome

1. In general, the green paper on the industrial strategy and the overall ambition of the document (whilst there are clearly details, most notably around implementation and how to properly finance proposals).
2. The wider strategic aims and objectives of the industrial strategy which cannot be faulted, i.e. “the objective of our modern industrial strategy is to improve living standards and economic growth by increasing productivity and driving growth across the UK.”
3. The sustained efforts and consideration of how to boost STEM skills at all levels in the workforce / business.
4. Support strong education-business partnerships and the development, for example, of University Technical Colleges (UTCs), viable alternatives into skills development and training before employment.
5. Sustained investment in our infrastructure priorities that will help unleash the full economic potential of the region. These include projects like Western Rail Access to Heathrow, that needs full financial funding.
6. Sector-led; business driven institutions that can help shape, frame and deliver the ambition outlined in the green paper.
7. Encourage the Government to support initiatives that will lead to the growth and expansion across the UK. However, for the very reasons the Thames Valley is a truly global economy; we do not accept this investment elsewhere is at the cost of our best economic assets.
8. An approach that focuses on activity that will, most especially, increase productivity.
9. The Patient Capital Review to fully consider the challenge of getting more UK start-ups to become scale-ups.
10. Government actively engaging with the British Chambers of Commerce, and its accredited network of Chambers like TVCC, to help deliver the ambition set-out in the green paper.

Challenges to Government

11. The green paper 'talks the talk' but will it really-do anything or change anything?
 - a. We encourage the Government to commit to the necessary nationwide investment to genuinely deliver against the ambition set out in the industrial strategy – in the North, in the Midlands AND IN THE SOUTH.
12. A more 'active' Government role '*makes sense*' (given the ructions many of our key sectors face post-BREXIT).
 - a. Big-picture initiatives, such as tax breaks for investment into the Northern Power-house and Midlands Engine – could help, BUT the Government does not have the greatest track record in either maximising such investment (often Governments make poor portfolio managers) or 'backing winners' (e.g. the Government invested heavily in pushing the UK nanotechnology sub-sector a decade ago – where is this now and has this been 'quietly buried'?)
13. In developing skills and investing in a world class science base (STREAM, not STEM) our key message to Government is to "leave the educators alone to get it right". There has been too much (poor) policy and Government intervention.
14. Does the UK need an industrial strategy, or rather does it need a productivity strategy (and associated policy framework) to drive growth and the ambition set out...?
15. Seminal moment? The industrial strategy might be considered thus and a genuine opportunity for the Government to 'buck' a trend in that Britain has far too often suffered from short-termism (in politics, in economic development, in planning, in business, in our commitment to skills development/ training, infrastructure investment and planning, etc). Take the opportunity to improve the institutions and corporate governance structures that can help deliver the ambition set out. For example:
 - a. City and growth deals and mayoral devolution, local devolution into single tiers, could all help but Government needs to be decisive in its own decision making on what 'good looks' like and how best to get there '*quickly*'.
 - b. Business thrives on certainty with its engagement with Government.
 - c. Business wants efficient, effective local Government/governance structures that enable it to get on with delivering the ambition it sets out and business wants to continue to do what it does best (unhindered by political uncertainty and unnecessary or more red-tape').
16. The green paper (rightly) draws on OECD research (i.e. the UK ranks 3rd for business start-ups, but 13th for the number of businesses that successfully scale up). This 'needs' attention, ref: rules, regulations, taxes, etc along with appropriate skills development and training that encourages *and provides* the framework and ability for more 'next generation' businesses to grow and prosper.
17. Actively engage business-led organisations like the Chamber network.
 - a. If economic development is to be devolved and the ambition set out in the green paper is to be delivered, it is essential that Government actively, positively and directly engages business and business membership organisations, like the affiliated Chamber network.
 - b. Avoid going through 'third parties' and diluting the ability and effectiveness of Chambers to contribute (Do LEPs – for example - truly represent business; have the genuine remit born out of paid membership/affiliations and the true breadth and depth they and Government want/would like?)
18. Is "leave the educators alone to get it right" and develop the skill in the next generation of the workforce that is fit for purpose and business-ready. We've had too much intervention.
19. Government to look – 'again' at regulation and recommend it looks at 'more carrot than stick' in its general approach.

20. On investment, there is much food for thought (and more analysis required) in the green paper.
- a. For example, the green paper states: “Our competitors have also grown their investment in research and development relative to the UK. The UK invests 1.7% of GDP in private and public funds on research and development. This is below the OECD average of 2.4% and is substantially below the leading backers of innovation – countries like South Korea, Israel, Japan, Sweden, Finland and Denmark.”
 - b. We recommend the Government does look at international comparison/s, e.g. South Korea, whose ‘industrial strategy’ has empowered a dynamic paradigm shift; or perhaps the sustainable industrial revolution taking place in Denmark – these will and can offer important lessons for the development of UK industry.
 - c. We support (news that) Sir Mark Walport (the Government’s Chief Scientific Adviser) has been asked to consider the case for a new research institution for work on battery technology, energy storage and grid technology (battery technology is the biggest barrier to the development of Ultra Low Emission Vehicles and it would be a significant win for UK plc if we were to steal a march in this technology).
 - d. We recommend the Government increase its long-term investment in green industries. First to play catch-up (with the likes of Germany and Denmark who are far more advanced in their green industries than is the UK - because they got in there first and reaped the benefits of early technological development) and second to utilise our wider strengths to become global leaders. In so doing we help meet our ambition; our longer-term climate commitments and deliver sustainable, affordable energy and clean growth ‘beyond nuclear’.

**Thames Valley Chamber of Commerce Group
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