

## Executive Summary

This executive summary identifies what is needed to become successful, the need for a new delivery authority, what the strategic pillars of an industry may be and the enablers that they are dependent on.

### Setting up for Success

For a UK Industrial (Economic) Strategy to be successful it will need:

1. A Vision Framework with clear objectives and priorities
2. A delivery organisation with decision making authority
3. Good governance that communicates with confidence
4. Optimal and consistent markets and environment, with a planned, aligned and resilient infrastructure and workforce.

### A Delivery Authority

To turn this strategy into reality a delivery authority would need to be created similar to the 2012 ODA. Its role would be to create and propose to Government the strategy and then to deliver it. For it to be set up for success it would need:

- A clear purpose, to operate as a partnership with convening powers
- The ability to plan, sequence and allocate tasks
- State Departments, regional authorities and the private sector to be involved
- Different workstreams, such as transport, power, water, and workforce planning
- A central communications hub, sharing plans and successes
- The ability to source funds through submitting business cases to Ministers

### Strategic Pillars

Areas of strategic focus that will establish the environment to enable the economy to flourish. These strategic pillars are likely to start with:

- Power & Connectivity
- Water & Waste
- Rail, Ports & Transport
- Built Environment

Each of these pillars have similar needs in the form of a long term investment plan that is both resilient and adaptable to support different scenarios. There needs to be alignment across sector and geography. They also need all the attributes of the above 'Setting up for Success'.

### Key Strategic Enablers

The two key enablers are workforce planning and the strategic regulatory environment.

- **Workforce Planning** – once the strategic review has assimilated existing research, a pipeline gap analysis can be created. Could potentially benefit from an academy, a points based and ID card system and a recruitment portal.
- **Regulatory Framework** – a clearer understanding of the purpose of regulation, time to let it settle and moving it to being an enabler of innovation and progress.

## Industrial Strategy Approaches

At a UK Industrial Strategy meeting of 'Infrastructure, Telco and Retail' delegates raised numerous issues that need to be resolved. There was alignment across all the groups and rather than list these concerns we have turned them into action. The view in the room was therefore if we want to develop a successful, sustainable and resilient economy and state we need the following:

1. **Vision Framework** - A long term (25 years) vision of the future and a framework to deliver it, that includes even the most difficult to reach. It should build on existing good work, rather than another review and reinventing what is already known.
2. **Objectives & Priorities** – a clear understanding of what needs to happen, sensible and inspiring priorities, objectives and strategic pillars, that are sequenced with milestones to achieve the vision.
3. **Delivery Organisation** - a delivery organization with statutory powers, that delivers the vision and can corral, persuade and deliver.
4. **Competent Decision Making** – technical expertise, a deep understanding of the relevant areas and decisions based on what is best for the country. Decisions based on need and good data not media topics or changing political agendas.
5. **Good Governance** - Good proactive Governance of key strategic organisations, including Government bodies like regulators. Involves the depoliticization of investment, away from votes to where the need is. Also includes alignment between initiatives to encourage efficiency.
6. **Optimal Market Structures** - An understanding of what the market structures should be, where a monopoly is appropriate and what levels of free market are best. Where Government and where the private sector should lead.
7. **Workforce Planning** - The skills and capabilities to be in place today and a pipeline for tomorrow.
8. **Resilient Infrastructure** - A resilient infrastructure in place to enable a growth environment, connecting energy grids, transport (rail and all), supply points, off-shore and new homes faster.
9. **Consistent Environment** - Government to be able to provide a consistent environment, necessary investment and able to articulate why this is important, share regular successes and respond appropriately. Avoiding crises and providing stability.
10. **Communication & Confidence** – proactive local engagement and national communications of the big and small milestones and successes achieved. This includes visualizing for media the important things that people cannot touch.

This requires long-term planning, consistent support and material investment, and although the UK already has excellent reputations in many areas it does need more. India has “Think Digital, Think India” what is the UK to be known for? Traditionally, the UK has been known for good governance, the rule of law, regulatory frameworks and a great place to live.

A Royal Commission is an option and would help gain authority but much of the research has already been done. The issues are around consolidation and creating coherent strategic action.

**Industrial Strategy Delivery Authority (ISDA) – name to be agreed**

The creation of a delivery authority was a popular idea. A delivery authority, with a working name of ISDA in this report, may be similar to the 2012 Olympic Delivery Authority. It would be responsible for setting the Vision Framework and creating and delivering the plan. ISDA would make proposals to Government who then feed into and sign off on the approach (where to) but the ISDA is responsible for how it is achieved.

The ISDA needs to be a cross Department (Business, Treasury, Environment etc) and a cross party initiative to ensure sustainability. It will need to be collaborative, sharing best practices and have a genuine partnership approach between:

- Government, Private and Tertiary Sectors
- Different private sector industries and large and small (SME) organisations
- National and Local strategies, responsibilities and people

**Vision Framework**

A key output would be a united vision framework that translates into both national (Scotland, Wales, N Ireland and England) and local activity. Empowering regions to own and champion parts of the industrial strategy will be important. Helping them become circular economies, potentially starting with the more easily defined areas such as Islands, of which the UK has 189 (inhabited). Inclusion of the more remote regions such as the Channel Islands who are likely to mirror central approaches.

Therefore the ISDA must have the authority to make decisions, set national targets, work through other departments and influence local activities that coordinate into national plans. They will also need to think across multiple horizons not just the current 5 year approach. For example, current could be within 3 years ensuring quick wins, mid term 4-10 years and long-term 11-25 years. Priorities and sequencing would need to be managed, within a coherent accountability framework.

**Mapping & Connecting**

ISDA would be deeply connected with other State Departments and Government Bodies and would encourage activity alignment ('hang their hat on') and the private sector would have a 'golden thread' (occasionally a lasso) that helps tie them together.

ISDA would be responsible for the honest mapping of current and desired infrastructure, rail, road, power, utilities and telecommunications. Mapping good future scenarios against the current position to identify the gap. It would then create the plans with objectives and time frames to bridge these gaps. The gap analysis will also avoid unnecessary capacity and wasted assets. This would be done in a way that benefits the environment and society as a whole.

Strategic workstreams are likely to be:

- Rail, Ports & Transport
- Power & Connectivity
- Water & Waste

- Built Environment (Retail, Housing & Construction is the next UKIS session)
- Workforce Resourcing & Capabilities Planning

For ISDA to gain enough traction, it could be formed by strengthening an existing body or organization like the National Infrastructure Commission or Winmark. It should be a delivery organization that can corral, persuade and deliver, but is not overbearing or restrictive. It must evolve its practices from learning from other states and evolving with the environment.

Needs a public relations arm that promotes the numerous successes to give confidence and attract a talent and capabilities pipeline.

## Strategic Pillars

### Power & Connectivity

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Having a clear vision of what the UK's plumbing of power needs to look like. Where the current and future sources and demand will be and reconfigure the power network accordingly. A plan that covers:

- Clarifying the combination of future sources including wind, hydrogen, nuclear (inc micro nuclear) etc to ensure base power and fluctuating needs can be met.
- Integrating newer sources, such as hydrogen, into the existing infrastructure.
- An acceleration in building a grid that can adapt to new power sources and demand. This will require planning and regulatory interventions.
- Ensuring the grid infrastructure is resilient to attack and changing supply and demand needs.
- A storage framework capable of managing fluctuations and any supply or demand issues.
- A review of power export opportunities to neighbouring states.

### Water & Waste

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Having a clear vision of how the UK is going to maintain, upgrade or replace the existing Victorian infrastructure. This may include:

- Regulators shifting from a 'patch and mend' approach to a sustainable next 100 years approach.
- May require forcing water companies to invest, which in turn will impact private investor returns. Which is why enforcing may be the only achievable route.
- A long term commitment to 25 years, rather than the 'feast and famine' of current 5 year cycles.
- Restrictions on foreign investments and ability to sell assets.

## **Rail, Ports & Transport**

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Having a clear vision of what the UK's transport need is today and tomorrow and a plan to deliver it. The plan will:

- Coordinate rail, road, air and water, to establish the best solutions, including air, coast and land space.
- Increase capacity whilst being aligned to the UK's Net Zero commitments.
- Embrace new technologies such as hydrogen (planes 2025), drones (Taxis 2025).
- Balance the environmental, social and economic interests.
- Take into account local and national interests.
- Be transparent on who is capturing the value (money) in the supply chain.
- Be a long term commitment, for 25 years, rather than the 'feast and famine' of current 5 year cycles.
- Ensure sustained commitment to stimulate private sector investment.
- Electrify rail to improve local services.
- Include deep sea and mutli-terminal ports (Liverpool, Southampton +).

A phased development plan utilizing the existing assets of today, starting with the quick wins rather than the billion pound initiatives. Building momentum through key and breakthrough linkages.

## **Built Environment**

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A few key points raised:

- Still issues around clarity of building standards, why aren't surveys held responsible?
- Governance of property capital not always appropriate and often too many parties involved.
- NHS Property services who takes control of all and has an asset management approach is a good example, as it deals with things like:
  - End of Life (buildings) and Life Expectancy issues
  - Extending life through good maintenance
  - Clarity around investment planning
  - Appropriate repurposing of buildings
- Net Zero avoidance incentives (i.e. glazing) and heating of homes - not sure what the point of this one is?
- PFI fixed price contracts need to be reviewed to ensure construction industry is economically viable.

## Workforce Resourcing & Capability Planning

This is a key enabler for an industrial strategy and scenarios are required so resource and capability planning can take place. It is also an existing export that could be further developed, building the UK's reputation.

- **Trade** - The vast majority of skills' shortages are in trades and the view was vocational training should start earlier.
- **STEM** – STEM degrees (engineering, architecture) are key and should be motivated, can the Government fully fund strategically important degrees.
- **Forecasting & Gap Analysis** - Need to start with understanding the current and expected needs in different scenarios. Good work has already been done which can be leveraged, coordinated and built on. A review of existing and planned Government, Private and HE funded activities needs to be conducted, then a gap analysis created. A joined up gap analysis would identify the capabilities and numbers required.
- **Package Driven** – Training and contracts packages.
- Gap solutions could include:
  - Skills training and vocational roadmaps
  - Apprenticeships geared for a broader range of organisations including retail and SMEs
  - Retention of older (20% due to retire within the decade) and other workers. May require changes to pensions.
  - Encouraging returning to work from retirement, menopause, parenting.
  - Temporary immigration flexibility, to address pipeline issues.

## Ideas & Solutions

Purpose is to be first in 'best trained trades people' and to use the proposal to enable social mobility and cohesion.

A Mother *"I gave you a boy that played computer games and never got out of bed. After 8 weeks you have given me back a man with a career and life opportunities."*

Type of skills trained at the NSAs (see below) is based on demand forecasting.

- **National Skills Academies (NSA)** – stay on location and fed, use old army barracks, 3 month courses, aptitude introduction, then special trade training. Ends with graduate days where corporates can apply to recruit. Open to 10% international students, similar to RMA Sandhurst, but commitment to work in UK for 3 years or pay back. Industry could be involved as many organizations already have their own academies.
- **National Points Based System** - so skills are transferrable and redundant skills can be retrained and awarded new skills. A points based system also enables people to be trained in other skills, gaining lateral knowledge and known source of innovation (didn't understand

this last phrase). Aligned to standard national HE standards. Points based system leads to 'Master Skiller' similar to a 'Master Builder'.

- **Skills ID Cards** – which set quality standards, provides assurance and can easily be validated off a central database.
- **Capabilities Demand / Recruitment Portal** – having a capabilities clearing house and coordinating demand across the country so that it can be intelligently planned. This should obviously be linked to [National Infrastructure Planning](#) and known material construction projects (Build UK).

### Strategic Regulation & Permissions Management

Having a clearer vision of what the regulation is trying to achieve and to specify this in its development. Clean up regulation through:

- Ensuring regulation is not inhibiting innovation and progress
- Ensuring it is drafted in plain English with implementation in mind
- Reduce and simplify existing regulation (Office of Simplification role?)
- Review regulation in relation to its purpose after a set period (5 years?)
- Not creating new regulation until existing regulation has been fully tested
- Have a one in, one out policy

Regulators to build their technical expertise and be more creative and brave.

Regulators should be strategic, independent of Government and 'arms length but hands on'. This may require regulators and the civil society to review their perception of risk.

Is a regulator or auditor of the regulators required to ensure that regulators are helping and not just policing? Should the [Office for Budget Responsibility \(OBR\)](#)'s scope be extended to do this?

Clarity on who is responsible for what, what responsibilities are devolved, what responsibilities are held centrally, at regional and local levels.

Government to be clearer in their contracts on what they are trying to achieve and less rigid in how. Government should also find and support favorable areas across a broader area.

Accelerating review and consultation processes to gain a faster decision from Government, particularly in relation to planning.