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Subject: Invest 2035: Industrial Strategy

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Summary

This paper briefly summarises the key points of the Industrial Strategy Green Paper.

Recommendation

KMEP board members are to advise the secretariat on the key points that they wish to include in the consultation response to Government. A presentation will be given on 5th November which includes some initial suggestions for your consideration.

1. Introduction

1.1 The Government has launched a consultation on the '[Invest 2035: Industrial Strategy Green Paper](#)'. This paper briefly summarises the key points within the Green Paper.

2. High-Growth Sectors

2.1 The new, modern Industrial Strategy will be the Government's 10-year plan, with a primary objective of long-term sustainable growth in our highest potential growth-driving sector.

2.2 The Department of Business and Trade analysed the Office for National Statistics' Output per Hour Worked data. This shows that, over the last 25 years, a third of the UK's highest productivity industries were responsible for generating nearly two thirds of the UK's economy's productivity growth.

2.3 The Government have used this analysis to determine that these eight sectors offer the highest growth opportunities across the UK:

- Advanced manufacturing
- Clean energy industries
- Creative industries
- Defence
- Digital and technologies
- Financial services
- Life sciences
- Professional and business services

2.4 The Government does not ask in its consultation if these are the correct 8 high-growth sectors to focus on – rather the consultation questions ask:

- which are the correct sub-sectors within these eight sectors to focus on,
- what are the UK's strengths and capabilities in these sub-sectors, and
- what are the enablers and barriers in these sub-sectors?

3. Policy areas

3.1 The Industrial Strategy will introduce new sector-specific and cross-cutting policies focussed on these six policy areas:

- People and skills
- Innovation
- Energy (planning, transport) and infrastructure
- The regulatory environment
- Crowding in investment
- International partnerships and trade

3.2 The consultation asks respondents to consider 'what are the most significant barriers to investment, and do they vary across the eight high-growth sectors'.

3.3 It then asks respondents to consider each of these six policy areas in turn, and determine which policy solutions could best remove each sector's barriers for investment.

4. Place & devolution

4.1 The Industrial Strategy will have a strong focus on place. The Industrial Strategy is "to concentrate efforts on places with the greatest potential for our growth sectors:

- city regions,
- high-potential clusters, and
- strategic industrial sites".

4.2 There is emphasis on city regions, outside the South East, within the document. The consultation states that "UK's economic performance is skewed towards London and the South-East, while other city regions have historically underperformed (relative to both the national economy and their international counterparts). Tackling this underperformance is key to raising economic growth and reducing inequality. With 69% of the UK population living in cities and their surrounding areas, reversing this underperformance can raise the living standards of millions".

4.3 To identify the places with the greatest potential for growth, "the Government is working with local partners to bring together qualitative and quantitative evidence to understand the strong sectoral clusters that exist across the UK. This work will build on the Innovation Clusters Map published by the Department for Science, Innovation, and Technology in February 2024". It will be important for KMED to inform this cluster definition, as the [existing DSIT cluster map](#) does not reflect local understanding of sector strengths (e.g. Discovery Park is not shown as a life-science cluster on this map).

4.4 The consultation reaffirms the Government's commitment to devolution to mayoral combined authorities, giving them the tools they need to grow sectoral clusters and improve the local business environment through ambitious local growth plans.

4.5 There is no detail within the consultation on the preparation of local growth plans in areas without a mayor. However, Sir Kier Starmer mentioned in a subsequent interview that every

area in the UK will have a local growth plan. The KMEP Secretariat are meeting MHCLG officials on 31st October to explore this matter further.

4.6 Key place-based questions within the consultation for respondents to consider are:

- How can the UK government best use data to support the delivery of the Industrial Strategy?
- Do you agree with this characterisation of clusters?
- What public and private sector interventions are needed to make strategic industrial sites 'investment-ready'?
- How should we determine which sites across the UK are most critical for unlocking this investment?
- How should the Industrial Strategy accelerate growth in city regions and clusters of growth sectors across the UK through Local Growth Plans and other policy mechanisms?

5. Industrial Strategy Council

5.1 A new statutory, permanent, and independent Industrial Strategy Council is being established.

5.2 The role of this Council is to:

- Monitor progress on sectors' growth and policy implementation
- Undertake analysis to improve the evidence base (there is an emphasis on policy interventions being informed by a broad and high-quality evidence base).
- Feed into policy development through public reports, ministerial commissions, and private discussion papers

5.3 Clare Barclay, CEO of Microsoft UK, will chair government's new Industrial Strategy Advisory Council, which will provide expert advice developed in partnership with business, unions, and stakeholders from across the UK (click [here](#) for more details about Clare & her new role)

6. Timeline

6.1 The Industrial Strategy consultation closes on Sunday 24 November 24.

6.2 The Government will then consider the consultation feedback. Subsequently, it will publish the 10-year Industrial Strategy and 8 high-growth sector plans, alongside the Spring Budget in 2025.

7. Local Engagement

7.1 The KMEP Secretariat is seeking to engage with a wide range of partners to help inform KMEP's response.

7.2 Stakeholders that we are engaging with include, but are not limited to:

- Business Advisory Board (discussion scheduled for 8 November)
- Kent & Medway Council Leaders (discussion scheduled for 13 November)
- Chamber of Commerce and other business membership organisations (IOD, FSB, etc)
- The Local Skills Improvement Partnership Team
- Innovate UK and the Directors or Research & Innovation from the 3 local universities
- Locate in Kent

- Visit Kent
- Kent Economic Development Officers
- Energy, Infrastructure, Planning & Transport leads within councils
- Data Analytics teams within local authorities
- Further Education Principals in Kent & Medway, and Jonathan Shaw
- Employment Task Force
- Straits Committee & International Partnership teams
- Advanced Manufacturing companies (specifically BAE systems and WireBelt)
- Clean Energy lead officers within the councils and universities
- Creative industries leads (including SECEN and Create Kent & Medway reps)
- Digital leads within councils
- Fresh Food Group, Growing Kent & Medway, PInK, and other key food-focussed groups
- KMEP Life-Science Group (includes Discovery Park, Kent Science Park & Kent Innovation Centre) (discussion scheduled for 14 November)
- Thames Estuary Growth Board

7.3 On 5th November, a presentation will be given to KMEP that identifies key messages that these stakeholders have relayed to the KMEP secretariat so far.

8. Recommendation

8.1 KMEP board members are asked to advise the secretariat on 5 November on the key points that they wish to include in the consultation response to Government. Your views will inform KMEP's final written response.

8.2 The proposed KMEP written response will be sent to all board members in the week of 18th November. KMEP is asked to delegate final sign-off to the KMEP Chairman.