

INDUSTRIAL STRATEGY

Text of a letter to the Secretary of State for Business, Innovation and Skills

25 July 2012

Many thanks for joining the CST for dinner last month, and for sharing your thoughts on building the foundations for sustainable growth and industrial success in the UK. Further to our discussions on an industrial strategy, we wanted to highlight the crucial role that research and innovation should play in this.

At a recent meeting of the Foundation for Science and Technology, David Eyton from BP said that 'an industrial strategy, based on greater intimacy between government, academia and business' could invigorate the UK's innovation landscape, and contribute to the UK's prosperity. The UK's leading businesses, not only traditional R&D intensive companies such as BP, Rolls Royce and Astra Zeneca, but also the newer 'creative' sectors, and services, benefit from and need to build upon the strengths of the UK's excellent research base.

Public investment in science and innovation creates jobs, boosts productivity, underpins and levers private sector R&D spending and attracts foreign investment. The industrial, manufacturing and information revolutions were all underpinned by science, technology and innovation. A strategy for the UK that builds on the national asset that we have in our world-leading research capabilities can lay the foundations of a new industrial revolution. This would see the UK developing businesses and sectors which are built on new and emerging fields of discovery and understanding; it would see the UK making the most of highly trained and skilled people who have been taught in the UK's universities, and those attracted to the UK's shores by the opportunities to live and work here; and it would lead to new opportunities for economic growth built on a truly knowledge based economy.

Some of the building blocks of an industrial strategy based on strength in research and innovation are partially in place. The Government has published an Innovation and Research Strategy, and a Life Sciences Strategy, which set ambitions for the UK to remain world leaders in research and to improve the economic returns on investment. The Technology Strategy Board as the UK's innovation agency through its various activities including the Catapult centres, aims to service many aspects of the innovation ecosystem, nurturing (as it points out in the strategy) ideas and technologies from 'concept to commercialisation'.

It is now essential to develop a more joined up approach, to bring together, and enhance these initiatives. What is required is a combined industrial, science, innovation and educational strategy which outlines ambitions and policies for the next ten to twenty years demonstrating a commitment to sustainable growth in the UK, and which harnesses the

skills and talents of the UK's knowledge base. You have said that industrialists want policies which have a longer term horizon than Parliamentary terms of office. Successful research also requires a similar long term framework through which they can develop, nurture, and eventually, potentially, exploit the ideas and discoveries, which do not dance to the rhythm of the electoral cycle. A strategy which looks ahead will deliver confidence and stimulus in the immediate term, and the security to inspire future prosperity. Such a joined up strategy would recognise the complexity of the network of science, translation, innovation and commercialisation needed to drive sustainable economic growth and the importance of stability of funding for both projects and infrastructure.

We would of course be very happy to discuss further with you in more detail the form that such a strategy might take. We look forward to engaging further with BIS as your work in this area proceeds; a subgroup of CST will meet with Lord Heseltine in September to discuss some of these points further in the context of his review.

We are copying this letter to the Prime Minister, the Deputy Prime Minister, George Osborne, David Willetts, Paul Kirby (Number 10) and Sir Jeremy Heywood.

Signed :

CST Co-Chairs:

Professor Sir John Beddington

Professor Dame Nancy Rothwell