

Industrial Strategy Advisory Council: Terms of Reference

Purpose

The main function of the Industrial Strategy Advisory Council (hereafter ‘the council’) is to produce evidence, advice, recommendations and analysis to inform the ongoing development and delivery of the industrial strategy.

The council should promote consistency and long-term certainty for business and investors, supporting policymakers through the development of a high-quality evidence base and targeted recommendations.

The council will build trust with nations and regions, business, and trade unions by representing their interests to government and involving them in the policymaking process.

Ownership

The Department for Business and Trade (DBT) and HM Treasury (HMT) are jointly responsible for the design of the council. It reports to both the Chancellor of the Exchequer and the Secretary of State for Business and Trade.

Independence

The council is independent from the usual machinery of government, drawing on external expertise from business, trades unions and other stakeholders to inform policymaking. It produces its own independent and high-quality analysis to inform its recommendations. It is independent and does not require clearance from any government department before publishing reports within the agreed scope, but must always give DBT and HMT an advance opportunity to review them.

Objectives

The council’s objectives are to:

- inform the industrial strategy, both in its design and development in the short term and its effective implementation in the long term, through regular advice to the Secretary of State for Business and Trade and the Chancellor of the Exchequer
- undertake analysis to improve the evidence base, building capability to support the government to design, implement, monitor and evaluate the industrial strategy over the long term, achieved through high quality access to government data and broad stakeholder engagement
- monitor the growth-driving sectors of the industrial strategy to establish evidence and data to support a shared understanding of how sectors are developing

- provide advice, recommendations and evidence to government through reports on topics commissioned by government, and other relevant topics within the scope of the council, engaging with diverse stakeholders and experts to inform policy and help deliver the strategy most effectively

Functions

Engagement

The council widely engages with devolved governments, regions, business, stakeholders, and institutions as necessary to fulfil its objectives and to ensure its advice to the government on industrial strategy represents a broad range of views. Where appropriate, it aligns this engagement with the government's business engagement.

Monitoring and Evaluation

The council has a role in monitoring the growth-driving sectors of the industrial strategy, to inform a shared understanding of how these sectors are evolving. This work will provide data to help inform the debate on the effectiveness and delivery of policy, in line with details provided in the 'Scope' section of the terms of reference.

Reporting

DBT and HMT commission the council to produce and publish reports, including recommendations within the defined scope, at least once per year on topics relevant to industrial strategy. This may include commissions to monitor or evaluate the effectiveness of policies. The independent Council does not require clearance from any government department before publishing reports but must always provide an opportunity for corrections and comment in advance by DBT and HMT.

The council may also propose, prepare and deliver discussion papers to government, providing insight and recommendations. The council must notify DBT and HMT ahead of work starting, and discussion papers should be agreed as within scope for the council. The chair can choose to publish reports with DBT and HMT being informed ahead of publication. The government has no duty to publicly respond to these discussion papers.

The council has a role in monitoring the growth-driving sectors of the industrial strategy. Published information should be within the scope of the industrial strategy (that is, not macroeconomic and wider growth mission metrics).

The council should publish an annual report to inform Parliament and the public of the work it has done. It should be mostly forward looking, contributing to future policy development and within the scope of the industrial strategy. Because of the long-term nature of the industrial strategy, it should not assess policy impacts on an annual basis. It may include evaluation and policy recommendations only where they have previously been provided in a published report.

Data and analysis

It is important that the council has access to high-quality data to inform its research and analysis. Therefore, the government will ensure that the council, through its secretariat, can request and promptly access relevant data assets from UK government departments in a timely fashion (unless a sufficient reason exists otherwise).

The council shall share appropriate data, research and analysis across government, to inform the impacts of the industrial strategy, working closely with departments to share insight and analysis from across sectors, regions, nations and demographics.

The council may publish its analysis (with consent of the relevant data asset owners where necessary) to support its public reports and monitoring information. However, publication of data assets should rest with the relevant data owners.

All data, research and analysis should be within the scope of the industrial strategy.

Scope

The industrial strategy is an important component of the Growth Mission. It builds on the foundations of the Growth Mission by identifying the greatest sectoral opportunities for growth and maximising them.

The wider growth strategy will set out the government's approach to laying the foundations across all of the economy to boost growth, led by HMT through the wider Growth Mission. It will determine economy-wide policy on areas, such as trade, skills and regulation, that are essential to industrial strategy. There will also be areas not principally related to industrial strategy, such as creating the macroeconomic conditions and stable environment necessary for business investment, planning reforms and infrastructure.

Therefore, the work of the council focuses on the growth-driving sectors of the industrial strategy and, through this sectoral lens, shapes the wider business environment, including:

- competition policy
- regulatory framework
- procurement
- place-based policy
- trade policy

This will help to ensure that the government's wider growth strategy considers the industrial strategy's sectoral priorities. This should take account of the scope set out in these terms of reference. The council should not focus on (except by way of reference) economy-wide policy (such as productivity and growth), which is covered by the Growth Mission. It will establish a high-quality evidence base to inform policymaking on an ongoing basis.

The Secretary of State for Business and Trade and the Chancellor of the Exchequer will provide the council with an annual mandate letter, setting out its priorities and main areas of focus. The chair of the council may engage with the Secretary of State for Business and Trade and the Chancellor of the Exchequer and suggest topics on which they may wish to commission future work.

The council focuses on the industrial strategy objectives through the scope set out in these terms of reference. It has no role in wider macroeconomic or fiscal policy and should avoid comment, unless there is general factual context for its analysis and advice.

The council's recommendations should be in the form of specific, evidence-based advice on improving the outcomes of the industrial strategy. Recommendations should be within the scope commissioned by the Secretary of State for Business and Trade and the Chancellor of the Exchequer, and should not include specific proposals for tax or spending measures, or proposals for appropriate levels of spending.

The council's advice informs the approach taken by government, and the chair will be available to give private advice ahead of policy decisions. However, the council has no formal role in fiscal events and should not provide a public commentary on matters relating to them (unless commenting on matters within the scope of a commissioned report).

Structure and Meetings

Meetings

The council meets on a quarterly basis. Members are not permitted to appoint a deputy to attend in their place if they are unable to attend.

Membership

The council reports jointly to, and is overseen by, the Secretary of State for Business and Trade and the Chancellor of the Exchequer. They both approve appointments, taking input from the chair.

The council usually comprises around 16 independent expert members, appointed in line with the relevant Cabinet Office guidance.

Secretariat

The council is supported by a secretariat from DBT, the size of which is subject to business need.

The secretariat supports the council with strong analytical, economic, policy and engagement teams. It keeps in regular contact and collaboration with HMT.

Interactions with other bodies

The council works closely with government departments, their agencies, and other advisory committees to ensure that its work complements and does not duplicate their work, ensuring public resources are used most effectively.

The secretariat works and collaborates with other institutions regarding the industrial strategy, where appropriate. This includes skills bodies, the Migration Advisory Committee, the Office for National Statistics (ONS), and others. The council can invite representatives of other bodies to provide input.

The government may, with the agreement of the chair, request that a representative member of the council attend other relevant institutions, such as Skills England, to help align their work with the industrial strategy.