

## **Industrial Strategy Advisory Council – Meeting 2**

### **Sony Music Entertainment, in-person**

The second meeting of the Industrial Strategy Advisory Council (ISAC) took place at Sony Music Entertainment's UK headquarters on Thursday 13 February. It was Chaired by Clare Barclay and attended by Council Members and the Secretariat of the ISAC. The Secretary of State for Business and Trade briefly joined the meeting for a short period.

### **Members**

- Clare Barclay – Chair
  - Professor Dame Nancy Rothwell – Deputy Chair
  - Dr Aislinn Rice
  - Dame Anita Frew
  - Professor Dame Diane Coyle
  - The Rt Hon Greg Clark
  - Greg Jackson
  - Professor Henry Overman
  - Henrik L. Pedersen
  - Sir John Kingman
  - Kate Bell
  - Roy Rickhuss
  - Baroness Shriti Vadera
  - Tunde Olanrewaju
  - Chris Grigg (ex-officio)
  - Richard Pennycook (ex-officio)
- 
- Secretary of State for Business and Trade (joined for a 10-minute period to update Members)

### **Officials**

- ISAC Secretariat
- Sam Lister – Director General, Industrial Strategy, Department for Business and Trade
- Leonie Lambert – Director, Industrial Strategy Council, Department for Business and Trade
- Sean Jones – Director, Companies and Economic Security, HM Treasury
- Sravya Rao – Deputy Director, Economy and Strategic Analysis, Department for Business and Trade

### **Apologies**

- No apologies

**Agenda Item 1(a): Welcome from the Industrial Strategy Advisory Council Chair**

1. The Chair opened the meeting and welcomed the attendees. Clare Barclay (CB) noted no apologies from Members and introduced Leonie Lambert as the new Director of the Industrial Strategy Council within the Department for Business and Trade.
2. CB thanked Richard Pennycook for his service to the ISAC as the ex-officio Member for Skills England and noted that this will be his last meeting in post. CB announced that Phil Smith will be the new Chair of Skills England and will therefore join from the Council's next meeting.
3. CB updated Members on her recent engagements, including meetings with the Financial Secretary to the Treasury and engagement with the B5 (The Confederation of British Industry (CBI), the Federation of Small Businesses (FSB), Make UK, the Institute of Directors (IoD) and the British Chambers of Commerce (BCC)). Clare also gave a summary of her evidence session at the Business and Trade Select Committee focusing on the Council's remit, resource and importance of putting the Council on a statutory footing as soon as possible.
4. The Deputy Chair supported the strong view that the Council needed to now prioritise and move to a specific and targeted use of its time.

**Agenda Item 1(b): The critical path for input into the Industrial Strategy policy development**

1. Sam Lister (SL) and Sean Jones (SJ) outlined the Industrial Strategy policy process over the coming weeks, as well as the Council's role at each stage.
2. SL noted that Members had received and engaged helpfully with policy summary documents and that these would be updated with Members' views following this meeting. SL and SJ noted that Council Members would shortly receive more information on the approach to growth driving sectors within the strategy, with Members being asked to stress test diagnosis of key barriers to growth and policy responses.
3. Members welcomed the increased specificity of the plan and their involvement within.
4. The Secretary of State for Business and Trade (SoS) joined the Council meeting for a short period. The SoS thanked Members for their contributions to the Council so far and outlined the headlines from his recent discussions on Industrial Strategy. He noted that his ambition for the Industrial Strategy was to genuinely move the dial across the UK's growth-driving sectors and business environment. The Secretary of State took questions from Members before leaving.

**Agenda Item 2: Priority areas and emerging policy ideas within workstreams**

1. The Chair thanked Members for their work so far within each of their allocated policy workstreams and invited each workstream to provide an update to the Council for discussion in turn.

- a. **Government and Business Partnership:** Members noted that rapid progress in this workstream was possible without significant cost, with businesses primarily wanting a streamlined and joined-up route into Government. Members emphasised that recommendations made elsewhere should be reinforced, such as in the Harrington Review. The Office for Life Sciences was noted as an exemplar to consider rolling out to other growth driving sectors.
- b. **Crowding in Investment:** Members focused on infrastructure, planning, skills and energy costs as the major issues currently limiting investment into growth driving sectors. The Council noted the need to help Government finance institutions, such as the British Business Bank, make faster, more risk-based decisions to ensure rapid decisions match the appetite and pace of global investors. This included the wider benefits of reducing grants and debt investment in favour of equity investment within business. More generally, the importance of the speed of decision-making on investments across Government was seen as key.
- c. **Innovation (including Technology Adoption Review):** Given the UK's strong scientific research base, Members noted that the most pressing issue was to ensure that government funded the highest-potential areas to encourage further private sector R&D investment. This would involve looking at how existing bodies distribute funds and grants. On technology adoption, the value of low-cost iteration and more effective rollout of existing technology was highlighted.
- d. **Energy and Infrastructure:** Members highlighted the interconnected nature of barriers to investment, such as the planning system. The long lead times on new nuclear and wind installations were cited as reasons for lower investment in energy projects compared to competitors. The UK's high energy prices were seen as the key issue in this workstream, especially for the growth driving sectors to ensure competitiveness and comparative advantage.
- e. **International Partnerships and Trade:** Members discussed the need for more information on the metrics and rationale for selecting priority countries through the Industrial Strategy. Secondly, how these countries then overlap with the growth driving sectors, such as through a lens of economic security. The UK's future relationship with the EU was also noted to be a key issue.
- f. **People and Skills:** Members noted that people and skills cuts across all workstreams and growth-driving sectors, requiring a focused join-up between the ISAC, Skills England and the Department for Education. It was noted that good quality jobs are an output as well as an input into the strategy and this should be measured as part of the Strategy. The role of Sector Plans to show coherence on skills across the Industrial Strategy should not be missed.
- g. **Place:** Members were clear that 'place' cuts across all workstreams and there was a need to consider how different policies would have an impact in various places.

- h. **Regulation:** Members discussed the need for efficient regulators that were sufficiently ambitious in, for example, their timelines for making potentially growth-driving decisions. It was also noted that competition was good for growth and therefore whilst an efficient regulator is essential, this must not be at the expense of safeguarding and ensuring competition.

### **Agenda Item 3: Monitoring and Evaluation (M&E)**

1. The Chair introduced this item and welcomed officials from the Department for Business and Trade to discuss Monitoring and Evaluation within the Industrial Strategy and the Council's role.
2. Members were clear that the Council should measure the implementation of policies within the Strategy, and how effective they are over time. The Council's M&E and reporting role should drive ambition and contribute to success by providing a strategic rather than tactical view, looking broadly across government policy to give focal points for change.

The Chair closed the meeting and thanked Members for their contributions noting the next steps on the policy process.

The next Council meeting is scheduled for Thursday 24 April, with an online check-in on Wednesday 19 March.