

Local Growth and the changing innovation landscape



Local Growth and Innovation:
The Industrial Strategy
11 December 2017

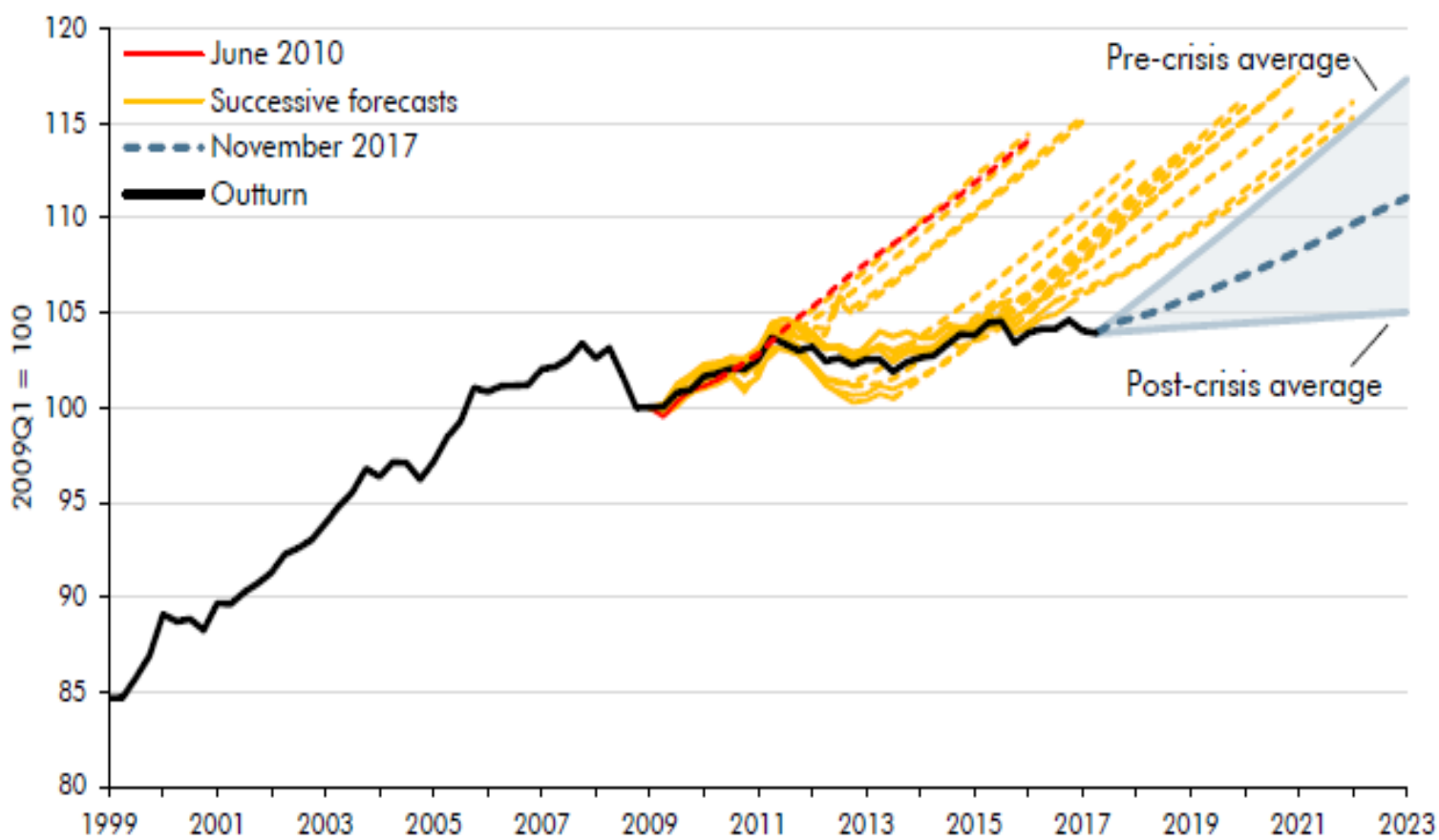
NHS Confederation and
Smart Specialisation Hub
webinar series



Local Growth and Innovation

- New webinar series with NHS Confederation and Smart Specialisation Hub
- Series of monthly webinars from October 2017 to March 2018 looking at range of linked areas
- Free to join for all involved in health research and innovation – recorded webinars and presentations will be available from www.nhsconfed.org/localgrowth

Choppier waters ahead...



Note: Solid lines represent the outturn data that underpinned the forecast.
 Source: ONS, OBR

Overview

A strategy aiming to put the UK at the forefront of the industries of the future

A set of interventions attempting to find the balance between excellence and rebalancing the economy to support less advantaged areas

The obstacles include: economic underperformance outside London and the South East; low productivity; and a lack of preparedness for the technologies of the future

The foundational principles are: ideas, people, infrastructure, business environment, and place

The Grand Challenges: artificial intelligence, clean growth, an aging society and future mobility



Why does this matter?

Significant cuts in growth forecasts – from 2% in March to 1.5% in November

By 2021/22 tax receipts would be £20bn lower than the March forecast suggested

Lower productivity also forecast – with attendant impact on GDP growth

What can be done to encourage confidence, investment and growth – and what role can an Industrial Strategy play?



Strategic Interventions in Science, Innovation and Industry

Successive national Governments have shied away from developing overarching Industrial Strategies

Desire not to be seen as picking winners, or over-zealously intervening

Measures need to be weighed carefully to encourage investment, confidence and forward-planning

Alignment with the local growth agenda

- New funds to support innovation and excellence – squared against the place agenda
- E.g. the Strength in Places fund, which seeks to reward excellence in places – and can use the SIAs as part of the evidence base
- Further funding for the Industrial Strategy Challenge Fund for innovative activity, and the British Business Bank to leverage against private investment
- Commitment to local Industrial Strategies, to be owned by places
- Leadership invested in LEPs, Mayors and combined authorities


Industrial Strategy at a glance

We will create an economy that boosts productivity and earning power throughout the UK


Industrial Strategy is built on 5 foundations




We will set Grand Challenges to put the United Kingdom at the forefront of the industries of the future:

 **AI & Data Economy**
We will put the UK at the forefront of the artificial intelligence and data revolution

 **Clean Growth**
We will maximise the advantages for UK industry from the global shift to clean growth

 **Future of Mobility**
We will become a world leader in the way people, goods and services move

 **Ageing Society**
We will harness the power of innovation to help meet the needs of an ageing society



Foundations of Productivity

Ideas – *‘to be world’s most innovative economy’*

- R&D spend to 2.4% of GDP by 2027, inc investment in ICSF, Catapults, HEIF
- Creation of UK Research and Innovation (UKRI)
- Strength in Places Fund, £115m to build on SIAs



Foundations of Productivity

People – *‘good jobs and greater earning power for all’*

- Establish Technical Education system, inc T Levels and Institutes of Technology
- Skills Advisory Panels in all LEP areas
- Response to Matthew Taylor review on modern employment practices



Foundations of Productivity

Infrastructure – *‘major upgrade to UK’s infrastructure’*

- Increase in NPIF from £23bn to £31bn, supporting transport, housing, digital infrastructure
- Procurement focused on social and economic objectives, not just cost-effectiveness
- Transforming Cities Fund, £1.7bn to connect cities and towns

Foundations of Productivity

Business environment – *‘best place to start and grow a business’*

- Sector Deals, inc Life Sciences



Foundations of Productivity

Places – *‘prosperous communities throughout the UK’*

- Local Industrial Strategies, led by Metro Mayors or LEPs
- New Deals, including at Town/Corridor level
- Shared Prosperity Fund, replacing ESIF



Grand Challenges (1)

- Intended to stimulate public and private sector to come together with universities, researchers and civil society
- Aim to maximise UK's ability to shape new markets and to ensure UK is fit-for-purpose to address national future challenges
- 4 Grand Challenges:

Growing AI and Data-driven economy; Clean Growth; Future of mobility; Ageing Society



Grand Challenges (2)

- Ageing Society references need for new innovations for older people and using Social Care Green Paper to support providers to adapt business models
- AI and data-driven economy inc establishing Centre for Data Ethics and Innovation and through 'data to diagnostics and precision-medicine' programme
- Clean Growth will support investment in energy efficiency



Life Sciences Sector Deal (1)

- First of new Sector Deals to be agreed
- Other Deals include AI, Creative Industries
- Industrial Strategy sets out process for proposing & agreeing new Sector Deals
- Deals bring together industry, government, universities and key partners, such as NHS
- Will be series of phases of the Deal
- Aligned to Foundations of Productivity



Life Sciences Sector Deal (2)

- Builds on Life Sciences Industrial Strategy
- Sets out recommendations on how industry can drive growth, increase productivity, improve use of data, reinforce science base, deepen skills & benefit patients
- Commitments and actions, including investments, from government & industry
- Will be annual review in December 2018
- Implementation Board established



Life Sciences Sector Deal (3)

Government commitments:

- Linked to several Industrial Strategy announcements (eg R&D spend, ISCF, British Business Bank etc)
- Establish Health Advanced Research Programme (HARP) – collaboration on long-term health projects with industrial benefits
- Invest through NIHR in research infrastructure
- Implement AAR



Life Sciences Sector Deal (4)

- Regional focus reflected by spread of investments, including: £350m programme for Leeds medtech hub; Sheffield Olympic Legacy Park, £215m Oxfordshire Housing Deal; £5m Cambridge South station
- Change immigration rules, speed up recruitment of high-skilled students post-degree and reduce red tape in hiring international researchers



Life Sciences Sector Deal (5)

Industry will:

- Match investments
- Collaborate with government on advanced healthcare research projects
- Collaborate with NHS to transform patient services
- Develop trailblazer apprenticeship standards to meet key skills gaps

Further Reading

NHS Confed briefing on Industrial Strategy:

<http://www.nhsconfed.org/~media/Confederation/Files/Publications/Industrial-strategy-briefing-final-Dec-2017.pdf>

Industrial Strategy White Paper:

<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>

Life Sciences Sector Deal

<https://www.gov.uk/government/publications/life-sciences-sector-deal>



Forthcoming webinar topics

- **The new UKRI** – From April 2018 UK Research and Innovation (UKRI) will be established as a single, strategic body that will bring together the 7 Research Councils, Innovate UK and the research funding from Higher Education Funding Council for England (HEFCE). With a combined budget of more than £6 billion, UKRI will be a major voice for UK research and innovation in the UK and globally. What do NHS organisations need to know about this new and important body? January 2018



Forthcoming webinar topics

- **Governance of Innovation** – with the local growth agenda leading to a range of new local partnerships across England there is no one clear and consistent model of governance. Who is making decisions locally on innovation priorities and how they relate to economic growth and public service reform? The new Mayors? LEPs? Combined Authorities? How should the NHS be positioning itself in such a complex landscape? February 2018
- **The Future of Devolved Funding** – Questions remain about some of the core local growth funding that organisations have accessed. Does the Local Growth Fund have a future, and if so what should that future be? What do we know about the planned Shared Productivity Fund that will replace ESIF? Who will lead on this important work? March 2018

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