

Policy watch

The government 'goes for growth' in its latest industrial strategy



Lord Mandelson has been credited with being one of the Ministers who genuinely gets it. The 'it' in this case is a good understanding of the economic situation we're in and some decent ideas about how to get us out of it.

Some of these ideas can be found in a landmark [Paper](#) issued last April by Lord Mandelson's then new Dept of BIS and entitled '*New Industry, New Jobs.*' This was one of the first Papers to recognise that this was an extraordinary crisis and as such required an extraordinary response. "*We face structural changes in the global economy that are radically changing the world in which our business and people operate,*" the Paper explained before laying out a new active strategy built around a different role for government and a focus on four immediate priorities: innovation; skills; finance; and infrastructure. That Paper has guided government industrial policy ever since. Now this latest [Paper](#) from BIS, '*Going for Growth: Our Future prosperity,*' updates progress made and sets out the next phase of industrial policy. It follows neatly on from last month's [Pre Budget Report](#) with its budget scenario and Deficit Reduction Plan. It may feel like a bottle half full and a bottle half empty but the two are complementary, the Pre Budget report sets out how to get the deficit down, the Growth Plan how to get skills and production up.

Three sets of numbers are important for an understanding of the Plan.

The first is the number five. This is the number of trends deemed likely to shape the nature of our economic recovery. According to the Plan, these include firstly globalisation which as the Business Secretary told the Work Foundation in a launch speech last week, has dramatically changed the ways in which we live, work and produce and placed enormous demands on our ability to innovate, invest and upskill. Secondly, the need to respond to climate change which will create "*a new imperative around cleaner energy, resource efficiency and the decarbonisation of industry.*" Thirdly, in the developed world at least, an ageing population which "*will reinforce spending shifts towards healthcare and leisure goods.*" Fourth, "*a bulging youth demographic*" with a continuing demand for education and skills, a feature evident in the UK in demand for higher education but subject to some fluctuation as the size of the youth cohort drops slightly in England and that of the primary one starts to grow. And fifth, rapidly changing technology which is transforming lives as we speak even if Stephen Fry has now abandoned twitter.

The Plan's view is that these trends "*play to some of Britain's greatest potential strengths*" in terms of our levels of knowledge and skills, the flexibility of our labour market and the environment for growth that the government is trying to create. This may be a tad optimistic for some, witness for example the number of leading industrialists who have come forward over the last month to bemoan the level of skills of our young people but it does explain why the government has been placing such emphasis on things things expanding the apprenticeship system, boosting the numbers taking STEM subjects, increasing the numbers of Skills Academies and encouraging innovation.

The second important number in the Plan is the number seven. This refers to the seven 'pillars' on which the government is pinning its growth strategy. Four are particularly relevant to the world of education and training.

The first of these is enterprise where the government can claim a good track record. The recent [National Skills Strategy](#) for instance promised a specific package to be tested out by RDAs and provided by colleges, to help people who want to start up their own business under the '*qualify with a business*' programme. Elsewhere, the Pre Budget report announced £5m to help returning service personnel set up their own business, while fresh help will equally be given to JSA claimants who want to do the same. In addition, the government is looking to shift reliance on funding away from banks and towards other sources of funding such as the Enterprise Finance Guarantee and the UK Innovation Investment Fund.

The second is knowledge, or more specifically knowledge creation and transfer. The recent constraints placed on the HE budget have led to some questioning of government commitment to research funding but the Plan affirms that "*we are committed to maintaining the fundamental strengths of our research base and HE sector.*" It can point to the work being done through the Funding and Research Councils, the increase in the HE Investment Fund, the development of a network of centres of excellence for technology and industrial innovation and the work of the Technology Strategy Board. All are majoring on knowledge creation.

Third human capital, the skills of our people. Here a lot of work has been done under initiatives like the Real Help Now programme for getting people back to work, the Future Jobs Fund for creating more workplace opportunities and the various Young People's Guarantees for providing young people with learning and working opportunities. For the future the government is promising to revamp the welfare system and speed up its integration with the skills system, create a new technician class through an expansion of the apprenticeship programme, set up a network of University Technical Colleges (UTCs) for 14-19 year olds, and champion regional skills through RDAs and sector skills through more National Skills Academies. Most of this has already been announced and probably will be again.

And fourth is that of developing strengths in strategic sectors. A list of these key sectors was given in last year's '*New industry, New Jobs*' [Paper](#) and as follows: advanced manufacturing, life sciences, low carbon energy and creative and digital industries. Despite some criticism that once again the government was trying to prescribe the market, it has put its money where its mouth is in the form of the Strategic Investment Fund. The Pre Budget report added a further £200m to this Fund to help with the next round of strategically important sectors due to be announced in March and likely to include construction, business services and homeland security.

The third number that stands out from this Plan is three. This is the number of principles on which this Growth Plan is built, simply that growth is environmentally sustainable, that it is balanced and resilient, and that it is shared widely.

It was perhaps unfortunate that this Plan came out at the same time as the latest blast about the skills system in England. According to a Report from Policy Exchange, "*Leitch promised us a simplified and demand-led system but what we now have is in fact the exact opposite.*" Perhaps more people who get it.

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