



Industrial policy, 2010 to 2015

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Author: Chris Rhodes

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Industrial policies seek to support certain industries in order to encourage economic growth. Together these policies form an industrial strategy.

This note provides a definition of industrial strategy before describing the core themes of the Government's policy since 2010:

- Boosting the development of 11 key sectors
- Supporting the development of eight key technologies
- Increasing access to finance for businesses
- Developing the skills of employees in key sectors
- Using public procurement to create opportunities for UK firms and supply chains

The 11 key sectors that the Government seeks to support are outlined in further detail as are other policies which support industries.

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Contents

- 1 Defining industrial strategy 3**
- 2 Introducing current industrial policy 4**
- 3 Key sectors 4**
- 4 Key technologies 5**
- 5 Access to finance 5**
- 6 Skills 7**
- 7 Public procurement 7**
- 8 Other policies 8**
 - 8.1 Advanced Manufacturing Supply Chain Initiative 8
 - 8.2 Catapult centres 9
 - 8.3 Regional development policy 9
- 9 Annex – 11 key sectors 10**
 - Aerospace 10
 - Agricultural technology 11
 - Automotive 11
 - Construction 11
 - Information economy 12
 - International education 12
 - Life sciences 13
 - Nuclear 13
 - Offshore wind 13
 - Oil and gas 14
 - Professional and business services 14

1 Defining industrial strategy

'Industrial strategy' refers to government intervention which seeks to support or develop some industries to enhance economic growth.

Generally, the types of interventions that governments take to support or develop industries can be classified as 'horizontal policies' or 'sectoral policies'.

Horizontal policies are policies which address market-wide issues. They provide the "resources and economic environment" which make it easier for businesses and individuals to be productive. Examples of this type of policy include adjustments to regulatory frameworks, establishing tax regimes which favour business, policies which foster innovation or policies which encourage skill development.¹

Sectoral policies (sometimes called 'selective' policies) include any policies directed towards one specific sector in the economy. Examples include subsidies to support the production of low carbon technology, providing 'seed funding' for high technology clusters and support for research and development in particular industries.

In practice, industrial policies generally have aspects of both categories, and the two types of policies are "highly complimentary."² For example, an education system which seeks to emphasise the importance of science, engineering and maths ('STEM' subjects) is horizontal in ambition because it seeks to provide pupils with a grounding in subjects which are valuable in almost all careers. But this strategy could also be viewed as sectoral or selective because it targets a particular sector and aims to make a particular part of the workforce more productive or employable.

Industrial policy can be applied with differing levels of intervention or 'intensity'. At one extreme, an intensive industrial policy would involve government assuming a near-monopoly position within a particular industry by nationalising the means of production. At the other extreme, government would allow domestic industries to collapse under the pressure of international competition, regardless of the importance of the industry in terms of employment or strategic advantage.

In recent decades, industrial policies can be located somewhere between these poles. Governments have not taken ownership of key firms within sectors that they view as important, but neither have they allowed the market to completely dictate the industrial structure of the economy.

Several pieces of legislation provide for financial assistance to industry, consolidated in the *Industrial Development Act 1982*. This was most recently amended to raise the limit on the amount that can be provided to industry by the [Industrial Development \(financial assistance\) Act 2003](#).

This note describes the Government's approach to industrial strategy and outlines the key policies in this area.

¹ Department for Business, Innovation and Skills, [Industrial strategy: UK sector analysis](#), September 2012, pp 7

² *Ibid*

2 Introducing current industrial policy

Vince Cable, Secretary of State at the Department for Business, Innovation and Skills (BIS), set out the Government's approach to industrial policy in a speech in September 2012.³ In summary, he highlighted that the Government has confidence in the market enabling economic growth, but that in some circumstances "market failures" mean intervention is required:

A good industrial strategy allows for failures, and recognises that innovation may strike in an unpredictable place - we must be ready for that too. But as the credit crunch showed, there are huge risks to taking a complacent, hands off approach.

Government policies are arranged around five key themes:

- Boosting the development of 11 key sectors
- Supporting the development of eight key technologies
- Increasing access to finance for businesses
- Developing the skills of employees in key sectors
- Using public procurement to create opportunities for UK firms and supply chains

3 Key sectors

The Government are committed to supporting several sectors that they see as strategically important, "tradeable" and with a "proven commitment to innovation."⁴ Further information on how the Government chose the sectors detailed below is available in the Government document, [UK sector analysis](#).⁵

Broadly, the Government's intervention in each of these sectors involves a high-level forum that brings together industry leaders and relevant senior Government figures to discuss barriers to growth and other issues specific to the sector; a commitment to the development of specific training institutions or initiatives within the sector and some match-funded financial commitments to certain aspects of the sectors.

The sectors are listed below and link to the Annex of this note which features brief descriptions of the sectors, along with the key policies that the Government has introduced.

- [Aerospace](#)
- [Agricultural technologies](#)
- [Automotives](#)
- [Construction](#)
- [Information economy](#)
- [International education](#)
- [Life sciences](#)
- [Nuclear](#)
- [Offshore wind](#)
- [Oil and gas](#)
- [Professional and business services](#)

³ Vince Cable, [Speech: Industrial Strategy: Cable outlines vision for future of British industry](#), 11 September 2012

⁴ Vince Cable, [Speech: Industrial strategy: next steps](#), IPPR conference, 27 February 2012

⁵ BIS, [Industrial strategy: UK sector analysis](#), September 2012

4 Key technologies

The Government views certain technologies as areas in which the UK's "science strengths and business capabilities combine."⁶ These technologies have established roots in the UK, with involvement from research institutions or historic connections to UK companies. In addition, these technologies are viewed as areas with potential for exceptional growth in the coming decades and of potentially transformative importance to the economy, otherwise known as 'General Purpose Technologies' – technologies such as electricity or the internet that have changed the entire global economy. This means that early involvement in their development could provide strategic as well as financial rewards for UK firms and research institutions.

In January 2013, David Willets, Minister of State at BIS, announced the nature of the support that the Government will be providing to these technologies in a [speech to the think tank, Policy Exchange](#). His speech was followed up with a Policy Exchange paper and with the publication of a [series of infographics](#) explaining the contribution of these technologies to the UK economy.⁷⁸

Support for each of these technologies is in the form of funding for the development of research or development centres, either in existing establishments such as Universities, or in new centres. Some of the funding provided for the development of these technologies has been used to set up or enlarge [Catapult Centres](#), which seek to develop new technologies into marketable goods. Generally, all of the research institutions involved will work as collaborations between scientists and firms with a commercial interest in the development of the technology. In total, £600 million has been invested in these technologies.

The technologies are:

- Big data
- Satellites
- Robotics and autonomous systems
- Synthetic biology
- Regenerative medicine
- Agri-science
- Advanced materials
- Energy storage

This list of technologies is not intended to be comprehensive of all technologies in which the UK has a potential advantage or which could be transformative, and neither is it intended to be exclusive – other technologies may emerge that attract Government commitment.

5 Access to finance

The Government has repeatedly stated its commitment to "ensuring that businesses can access a wide range of sources of finance."⁹ This is seen as "essential" by the Government because without finance, businesses cannot invest and are therefore less able to grow. If businesses cannot invest and grow, the economy overall suffers as the labour market stagnates and trade declines.

⁶ BIS, [Eight great technologies: infographics](#), website

⁷ BIS press release, [£600 million investment in the eight great technologies](#), 24 January 2013

⁸ Policy Exchange, [Eight great technologies](#), David Willets, 2013

⁹ HM Treasury, [Plan for growth](#), March 2011, p63

Access to finance is an aspect of industrial policy that is truly horizontal – it cuts across the whole economy with no particular sectors emphasised or promoted. The Government has created several policies to ensure that businesses can access the finance they need. Broadly, these policies involve both Government and banks working together to offer more money to businesses, more favourable loan conditions or less stringent rules for securing loans.

The following summary of the schemes which are aimed specifically at small and medium sized enterprises (SMEs) is taken from the National Audit Office report, *Improving access to finance for SMEs*:¹⁰

The main BIS-led Access to Finance schemes

Nature of scheme	Name of scheme	Aim	Total amount of funding
Loan guarantee to SMEs	Enterprise Finance Guarantee	Facilitate additional lending to viable SMEs lacking the security or proven track record for a commercial loan.	Up to £2 billion of lending may be guaranteed, between 2011-12 and 2014-15
Loans to start a small company	Start-up Loans	Open up finance to those not normally able to access traditional forms of finance because of a lack of track record or assets.	£120 million between 2012-13 and 2014-15
Non-bank channels for small businesses	Business Finance Partnership, SME tranche	Increase non-traditional finance such as peer-to-peer lending, supply chain finance and mezzanine finance for businesses with a turnover below £75 million.	£100 million from 2012-13 to 2014-15
Venture capital fund of funds	UK Innovation Investment Fund	Invest in technology-based businesses in sectors strategically important to the UK including digital technologies, life sciences, clean technology and advanced manufacturing.	£330 million, comprising £150 million government funding and £180 million from private investors
Public-private venture capital funds	Enterprise Capital Funds	Address a market weakness in providing equity finance to SMEs by using government funding alongside private sector investment to provide equity finance to early stage companies.	£200 million from 2011-12 to 2014-15
Co-investment fund	Business Angel Co-investment Fund	Support business angel investments into early stage SMEs with high growth potential.	Initial £50 million in 2011, and an additional £50 million in the March 2013 Budget

Source: National Audit Office analysis of departmental data

In addition to these schemes, there is also:

- **Funding for Lending**, which enables banks and building societies to borrow from the Bank of England at reduced rates until January 2015. This scheme was re-focused to encourage banks who make use of it to focus their lending on SMEs.
- **Business Bank** – a new scheme that is currently being set up by Government to help SMEs access funding. It is hoped that it will be fully operational by the second half of 2014. This scheme will also aim to bring together the existing business finance schemes into a single portfolio in order to simplify access for businesses and improve awareness.

¹⁰ National Audit Office, *Improving access to finance for small and medium sized enterprises*, 29 October 2013, p6

6 Skills

Skills policy is a good example of a 'hybrid' industrial policy, combining aspects that are both sectoral and horizontal.

Many of the sector specific strategies involve a strong element of skill development, with the sector forums viewing a lack of key skills among potential employees as an important barrier to growth in the sector. Most of the sector specific strategies include a commitment to fund skill development or to increase the reach of established training and research institutions to attract more students and so increase the pool of potential employees.

In addition, the government is committed to a number of policies which aim to increase the skills of the whole workforce, or which are aimed at all sectors. These include:

- [Apprenticeships](#). These in work training schemes have been greatly expanded in recent years, with the number of apprenticeship starts increasing from 280,000 in 2009/10 to around 510,000 in 2012/13. There have also been efforts to standardise the attainment required to achieve these qualifications and moves to make them more accessible to SMEs.
- The [Employee Ownership Pilot](#). This scheme aims to tackle an oft-cited criticism of training policy: that training schemes do not respond adequately to the needs or demands of employers. By giving employers the funds to design training schemes themselves, this competition hopes that training courses and methods will be developed which will enable skill development in the areas and to the standard required by businesses.

7 Public procurement

The Government is a significant source of demand in the economy. Estimates vary according to the definitions of 'government' and 'procurement' used, but the public sector in total procured around £230 billion worth of goods and services in 2012/13. Of this, procurement by central Government alone totalled around £80 billion. Further information is available in the House of Common Library note, [Public procurement](#).

The Government views public procurement as a considerable opportunity to influence the economy. Although EU rules and directives, including [State Aid rules](#), prevent EU governments from favouring domestic companies in any tendering process, there are ways in which public procurement can be used to assist specific industries and types of business:

- The Government is committed to 25% of central government spending on procurement going to SMEs by 2015. To achieve this, the Government are breaking up larger contracts into smaller lots which are more manageable by SMEs; guaranteeing prompt payment of invoices and publishing contracts sooner in order that firms have more time to prepare their bids. In 2012/13, 11% of direct central government spending and 9% of indirect spending was with SMEs (the target includes both direct and indirect spending).
- The Government are also working with industry to establish what skills, products and technologies are required by UK supply chain firms if they are going to compete successfully for procurement contracts in the future. One example of this approach is

the Government [report on tunnelling](#),¹¹ which used the Government's considerable experience in procuring this type of work to set out what is required from firms bidding for these contracts.

8 Other policies

As well as the industrial policies directly associated with the [five core themes](#) of the Government's industrial strategy, several other initiatives are also important in this area. In most cases, these policies have already been mentioned or overlap with policies outlined above. A number of these policies are administered through the [Technology Strategy Board](#) (TSB), the UK's 'innovation agency'. The TSB offers financial and other forms of support with the aim of enabling firms to bring ideas to market through research and development.

8.1 Advanced Manufacturing Supply Chain Initiative

Vince Cable has cited problems with supply chains as "a classic example of the sort of market failure that a proper industrial policy should address."¹²

Supply chains are the companies involved in creating a finished product or supplying services required in the production process. The supply chain of an individual product invariably includes a wide range of different companies, particularly if the final product is complex or high value, such as an aircraft or a wind turbine.

Supply chains in the UK involve firms that are geographically dispersed, often in foreign countries. This means that the companies that design, commission and produce the finished product (the 'prime' or 'first tier' producers) do not have the quality control they require over the supply chain, they are vulnerable to potential supply disruption and often have to pay a premium in periods when exchange rates are competitive. The Government have argued that these factors discourage manufacturers from operating in the UK.¹³

In order to overcome this problem, the Government wants to encourage the "co-location" of supply chains and prime producers. This involves stimulating the growth of suppliers in the UK. The key mechanism through which the Government hopes to achieve this is the [Advanced Manufacturing Supply Chain Initiative](#) (AMSCI).

Announced in December 2011, the AMSCI is a competition which awards firms or groups of firms that want to invest in the purchase of capital equipment, research and development which improves manufacturing equipment and processes, and related skills projects. In order to be successful, bidders have to offer evidence that government intervention will make a tangible improvement to their sector, and that the market cannot deliver this improvement on its own. The beneficiaries of which must deliver their projects at least partly in England, but companies from elsewhere can apply.

The fund has been awarded through four rounds of completion, with over £240 million made available in total.

¹¹ BIS, [Strengthening UK supply chains: public procurement - tunnelling industry capability analysis](#), 26 April 2012

¹² Vince Cable, [Speech to EEF National Manufacturing Conference 2012](#), 6 March 2012

¹³ Vince Cable [Speech to CBI launching Advanced Manufacturing Supply Chain Initiative](#), 11 December 2011

8.2 Catapult centres

The Government has argued that “innovation is the engine of long-term economic growth.”¹⁴ However, the risk and high costs associated with investing in the development of new technology can discourage some firms, meaning that they lose competitive advantage. On a large scale, a lack of innovation can damage the prospects of an entire industrial sector.

[Catapult Centres](#) are designed to enable companies to access the equipment, expertise and information needed to develop and commercialise ideas and innovations. These are generally collaborative centres associated with established research institutions, although some are housed in purpose built facilities.

There are currently nine Catapult Centres focused on the following areas which in some cases broadly mirror the key sectors identified in the overall industrial strategy:

- [Cell therapy](#)
- [Digital economy](#)
- [Future cities](#)
- [High value manufacturing](#)
- [Offshore renewable energy](#)
- [Satellite technology](#)
- [Transport systems](#)
- [Energy systems](#)
- [Precision medicine](#)

Once fully operational, the Centres will be funded through a mixture of core funding from the TSB, contracts to provide research and development for the private sector and collaborative projects partly funded by the public and private sectors to provide applied research and development.

It is hoped that once operational, each centre will attract £10 to £15 million per year in investment from the private sector.¹⁵

8.3 Regional development policy

Another aspect of industrial strategy is regional development policy. The Government’s approach is influenced by Lord Heseltine’s 2013 report [No stone unturned](#), and has three main aspects:

- [Enterprise Zones](#). 25 areas in England in which businesses areas will benefit from tax and planning concessions and superfast broadband.
- [Regional Growth Fund](#). This fund is worth over £3.2 billion over the five years to 2016-17. It is intended to promote the private sector in areas in England most at risk to public sector cuts.

¹⁴ BIS, [Innovation and research strategy for growth: BIS economics paper 15](#), December 2011, pp 1

¹⁵ Catapult, [How the Catapults are funded](#), website

- [Local Enterprise Partnerships](#) (LEPs). These are bodies that broadly replace the functions of Regional Development Agencies in terms of the distribution of EU Structural funding and other development money. There are 39 LEPs covering the whole of England.

9 Annex – 11 key sectors

Aerospace

The Prime Minister has described the aerospace sector in the UK as “a powerhouse of the UK economy” which has been a “phenomenal success story.”¹⁶ The sector has been cited as a model of the benefits of government assistance and collaboration.¹⁷

In addition to contributing £11.4 billion to UK economic output¹⁸ and employing 84,000 people in Great Britain,¹⁹ the aerospace sector is strategically important to the rest of the UK economy. The sector employs high technology techniques and is ‘research intensive’ meaning it attracts a highly qualified workforce. The rest of the economy also benefits from technology spin-offs from the aerospace sector, including radar, composite materials and jet engines.²⁰

Successive governments have intervened in the aerospace sector partly because of the strategic importance of this sector but also due to the fact that government are a major buyer of defence related aerospace products and have therefore felt the need to ensure the success of the sector. Aerospace technologies are also expensive and require long term investment which is sometimes only available from government.

In 2010, the current Government created the Aerospace Business Leaders group, and soon after, the Aerospace Growth Partnership group. The groups are intended as the forum for government and industry to work together to identify issues of strategic importance to the sector. In July 2012, the Aerospace Growth Partnership group published a strategy “vision” for the industry, [Reach for the Skies](#), outlining areas where the industry can build on its strengths to maintain the UK’s position as the second largest aerospace manufacturer in the world. Further information on Government support for this industry is available in an answer to a Parliamentary Question from 2012.²¹ The government has also announced the following measures which will directly support the sector:

- £2bn co-funded Aerospace Technology Institute to help the UK develop new technologies for planes
- Bursaries for 500 Masters degrees in Aerospace Engineering
- A Manufacturing Accelerator Programme for aerospace, helping companies take research to production.²²

¹⁶ BIS, [Reach for the skies: a strategic vision for UK aerospace](#), July 2012, pp 1

¹⁷ Vince Cable, [Industrial Strategy - Cable outlines vision for future of British industry](#), 11 September 2012

¹⁸ ADS, [UK aerospace industry survey](#), July 2012 (2011 data)

¹⁹ ONS, [Business register and employment survey](#), 2011

²⁰ BIS, [Learning from some of Britain’s successful sectors: an historic analysis of the role of government](#), March 2010, pp 164

²¹ [HC Deb 19 October 2012 c502W](#)

²² BIS, [Industrial strategy explained](#), 16 September 2013

Agricultural technology

Although the agricultural sector is not significant in terms of employment or economic output, the agricultural technologies sector is valuable and important for several reasons. A secure and reliable supply of food is a fundamental requirement for economic success, meaning that a strong and innovative sector in the UK developing the technology required is valuable. As the global population increases, the technology required to provide the necessary food becomes increasingly important. The UK has historic strength in this area on which to build, and the international reputation necessary to exploit new and growing overseas markets.²³

Key policies introduced so far include:

- £90m for Centres for Agricultural Innovation to support adoption of new technologies and ways of working
- £70m Agri-tech Catalyst fund to help companies take projects from laboratory to market
- Dedicated UKTI Agri-tech team to boost exports.

Automotive

The automotives industry generated £12 billion for the UK economy and directly employed 731,000 people in 2012. Automotive exports were valued at £31 billion, 10% of UK exports by value. The sector attracts inward investment from a wide variety of foreign countries and supports over 2,000 businesses producing components and vehicles.²⁴

One of the key ways that the Government supports this industry is through the work of the [Automotives Council](#). This body was formed in 2009 to create an environment in which the industry can be successful and grow. The Council is chaired by the Secretary of State for Business Innovation and Skills and brings together the leaders of organisations that work in this sector to highlight any perceived problems and formulate solutions with Government.

The Government have also announced the following key policies to help the industry:

- £1bn co-funded Advanced Propulsion Centre to develop new technologies
- A target of 7,600 apprentices and 1,700 graduates to be recruited over the next five years
- Automotive Investment Organisation set up to support inward investment.²⁵

Construction

The construction sector in the UK contributed £83 billion to the UK in 2012, 7% of total economic output. The sector involved 280,000 companies and 2.9 million jobs. The construction sector is essential to economic growth, since infrastructure, homes, workplaces and other amenities are all designed and created by this sector. Boosting this sector's productivity and ensuring it continues to thrive is therefore seen as a key way to boost the economy more generally.²⁶

²³ BIS, [UK agricultural technologies strategy](#), 24 December 2013

²⁴ Society of Motor Manufacturers and Traders (SMMT), [Motor industry facts 2014](#), 27 February 2014

²⁵ BIS, [Industrial strategy explained](#), 16 September 2013

²⁶ BIS, [UK construction: an economic analysis of the sector](#), 2 July 2013

The Construction Leadership Council is the body tasked with ensuring the continued success of the sector. It is a collaboration between Government and industry leaders, chaired by Vince Cable. Key policies announced so far include:

- Extending trade credit schemes to improve access to finance
- Publishing future construction projects for higher education and local government to help companies plan and invest
- Promoting UK construction through 'Construction is GREAT' overseas marketing campaign.²⁷

Information economy

The role of information technology and particularly the internet is of significant and growing importance to the UK economy. 76% of adults accessed the internet every day in 2013, up from 30% in 2006. Around 11% of all retail sales were online in 2012 – equivalent to £31 billion. The broader information economy contributed £58 billion to the UK economy in 2011.

The Government hopes to create the infrastructure (both physical and regulatory) to enable digital businesses to succeed in the UK. It also hopes to enable the UK workforce to compete in the international information economy by providing young people with the necessary skills.²⁸ Key policies announced so far include:

- Developing a programme to help 1.6m small businesses to trade online
- Establishing the world's first test facility for 5G mobile technology
- Promoting online learning platforms for use in schools.²⁹

International education

The global education sector is the second largest, after healthcare, with global expenditure estimated at \$4.5 trillion in 2012. The UK has a reputation for excellence in education with exports worth £17.5 billion, over 75% of which are accounted for by international students studying in the UK. There were 60,000 such students in 2012/13, either studying at independent fee paying schools, or in the FE sector.³⁰

As mobile students become more common, the Government sees an opportunity to build on current success and make the UK the world leader in this sector. The Government hopes to target several key growth markets, and key policies to attract more students to the UK include:

- Launching 'Education is GREAT' marketing campaign
- Establishing Education UK to help UK businesses take advantage of opportunities overseas
- Appointing a UK Education Champion to promote the UK education sector around the world.

²⁷ BIS, [Industrial strategy explained](#), 16 September 2013

²⁸ BIS, [Information economy strategy](#), 31 October 2013

²⁹ BIS, [Industrial strategy explained](#), 16 September 2013

³⁰ BIS, [International education: global growth and prosperity](#), 29 July 2013

Life sciences

This sector incorporates pharmaceuticals, biotechnology and medical technology. The UK is a world leader in these industries, with 4,500 businesses employing around 165,000 people and a research and development budget of nearly £5 billion.³¹ Healthcare more broadly is growing to meet the demands of an aging population.

The Government hopes to create a life sciences “research ecosystem”, in which research facilities, pharmaceutical companies and the NHS collaborate to discover and create new technologies and utilise them in a way which boosts the UK economy.³² Key policies announced so far include:

- £310m to support the commercialisation of promising research
- Seed Enterprise Investment Scheme to provide tax relief for smaller companies
- Sequencing of 100,000 genomes in order to improve the prevention, diagnosis and treatment of cancer and infectious and rare diseases.³³

Nuclear

Nuclear energy provides around 19% of the UK electricity. Globally the sector is growing, with £930 billion of investment in new reactors planned and £250 billion to be spent on decommissioning over the next 30 years.

The Government plans to build at least 12 new reactors by 2030. To take advantage of this and the booming global nuclear industry, the Government intends to increase the skills of the workforce so that there are people qualified to operate the reactors and to provide the research and development expertise needed to ensure the UK remains a global player in this industry. The Government will also part fund research projects and has secured the finance for new nuclear power plant to be built by 2030.³⁴

Other policy announcements include:

- £15m for the National Nuclear Users Facility to support worldclass research into nuclear technology
- £18m funding support for UK research and development projects
- £12.5m to join a test reactor programme in France to help develop advanced fuels.³⁵

Offshore wind

The UK has more installed offshore wind capacity than any other country. This is enabled by the shallow seas and strong winds of the British Isles. In addition, successive Governments have seen offshore wind energy as a key way of achieving the reduction in carbon emissions required by the 2050 carbon targets. The extended supply chain for this industry requires

³¹ BIS, *UK life sciences strategy*, 5 December 2011

³² BIS, *UK life sciences strategy: one year on*, 10 December 2012

³³ BIS, *Industrial strategy explained*, 16 September 2013

³⁴ BIS, *Nuclear industry strategy: the UK's nuclear future*, 26 March 2013

³⁵ BIS, *Industrial strategy explained*, 16 September 2013

high skilled engineers and construction workers, meaning that committing to this industry has the potential to boost the whole economy.³⁶

Key policies in this sector include:

- £20m GROW fund to help UK companies take advantage of offshore supply chain opportunities
- £46m Offshore Renewable Energy Catapult Centre to help take innovative products from development to market
- Offshore Wind Investment Organisation set up to help attract inward investment to the UK.³⁷

Oil and gas

Oil and gas meets almost half of the UK's energy needs. The industry employs over 400,000 people in the UK and is estimated to contribute £50 billion to the UK's balance of payments by reducing the need for oil imports and exporting goods and skills.³⁸

The [Oil and Gas Industry Council](#) has been set up to provide a forum industry leaders and Government to raise issues and resolve regulatory and other problems. Other key policies include:

- Establishing a National Centre of Excellence for oil and gas technology
- Programme to retain ex-military personnel to work in oil and gas
- £7m for 'extreme' engineering centre in Newcastle, developing techniques that can have thresholds beyond what is normally expected of components and machines.³⁹

Professional and business services

This industry is one of the largest in the UK, comprising legal and accountancy work, office and administrative support work, management consultancy, the scientific and technical professions and employment services. The sector employed 3.8 million people in 2012 and was one of the few sectors to record a trade surplus, of 19%. In total the sector accounts for around 11% of UK economic output.

The sector and Government work together in the Professional and Business Services Industry Council to deal with upcoming barriers to success. Issues of particular interest recently have been the need to increase access to high level skills for client-focussed firms, and the need to increase access to emerging markets with high demand for professional and business services.⁴⁰ Key policies announced so far include:

- 10,000 Higher Apprenticeships in areas such as law and accountancy by 2018
- Network of senior business envoys to champion UK services overseas

³⁶ BIS, [Offshore wind industrial strategy: business and government action](#), 1 August 2013

³⁷ BIS, [Industrial strategy explained](#), 16 September 2013

³⁸ BIS, [UK oil and gas industrial strategy: business and government action plan](#), 28 March 2013

³⁹ BIS, [Industrial strategy explained](#), 16 September 2013

⁴⁰ BIS, [Growth is our business: professional and business services strategy](#), 11 July 2013

- Trade delegations set up to specifically promote UK professional and business services.