

A UK strategy worth the fight?

So, at long last we have a cabinet minister – none other than Vince Cable – not only talking persuasively about a government-led industrial strategy for Britain, but one prepared to put substantial meat on the bones. It would appear there is a new determination not only to take industry seriously, but also finally to bring the UK into line with all the other G8 economies. Or is there?

Last month's (11 September) speech by the Business Secretary revealed his considerable insight into the problems this country faces. He understands the impact on industry of the Coalition's austerity package, and the financial- and skills-related barriers to any prospect of rebalancing the economy, in the national interest.

Top of his to-do list are: establish a business bank; focus collaborative government support on industrial sectors that play to our nascent strengths; ditto a selection of critical underpinning technologies; invest more in vocational training; and overhaul government procurement policy, again to support key industry sectors.

Sounds good? Well, on the face of it, yes. Cable's preamble, lauding the success of this summer's Olympics and Paralympics, and linking that achievement to the power of picking and backing winners, was certainly encouraging. Quite simply, he gets it. He also knows that government getting out of the way of business – with its recent emphasis on blitzing red tape and the rest – on its own, is just not enough.

But what about that detail? Undoubtedly, a business bank (on top of Funding For Lending, Enterprise Capital Funds etc), backed by government and prepared to plug yawning lending gaps, is an attractive proposition. Sadly, best estimates are that it would cost £40bn, with another £100bn in reserve. Can't see that happening.

What about sector support? Cable reels off advanced manufacturing, aerospace, automotive and life sciences – although, in fairness, he also alludes to construction, energy and others. However, delivering "partnership sector strategies" isn't going to come cheap either, so it's not easy to see how this will work.

As for the rest of Cable's industrial strategy, well the Technology Strategy Board is already on the case, supporting what it sees as 'disruptive' technologies, where the UK can score. Similarly, his plans for skills can build on existing programmes aimed at boosting apprenticeships. Funding for round two of the Employer Ownership scheme is costed at £250m, so not impossible. Meanwhile, the new approach to procurement needn't cost money: it's merely a change of direction.

An industrial strategy is worth the fight, but Vince is going to need some luck.

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