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Department for
Business, Energy
& Industrial Strategy

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The UK has significant economic strengths on which we can build, but we need to do more to increase our productivity and make the most of our untapped potential right across the country.

We will boost productivity and earning power across the country by focusing on the 5 foundations of productivity. Our 5 foundations support our vision for a transformed economy:

- [Ideas](#): the world's most innovative economy
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Ideas

To be the world's most innovative economy.

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Our ability to innovate – to develop new ideas and deploy them – is one of Britain’s great historic strengths, from the jet engine and the bagless vacuum to MRI scanners and the world wide web. We are a global leader in science and research: top in measures of research excellence and home to four of the top 10 universities in the world.

We need to do more to ensure our excellence in discovery translates into its application in industrial and commercial practices, and so into increased productivity. The government and the private sector need to invest more in research and development (R&D). We need to be better at turning exciting ideas into strong commercial products and services. And we must do more to grow innovation strengths in every part of the UK, as well as maintaining our position as a global leader in science and innovation.

Through our Industrial Strategy, Britain will take a leading role in a new industrial revolution as significant as the last. We will drive change through the biggest increase in public investment in R&D in our history. We will ensure the UK is the best place for innovators, and through our [Grand Challenges](#) we will drive partnerships between the best minds in science and business throughout Britain.

Key policies

- Raising total research and development (R&D) investment to 2.4 per cent of GDP by 2027
- Increasing the rate of R&D tax credit to 12 per cent
- Investing £725 million in new [Industrial Strategy Challenge Fund](#) programmes to capture the value of innovation.

People

To generate good jobs and greater earning power for all.

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The United Kingdom has one of the most successful labour markets in the world. Our employment rate is at a near historic high – one of the fastest post-recession rates relative to other major economies. It is underpinned by a world-class higher education system, the first choice of students and researchers around the world. Employers are ever more closely involved in the system, and we are committed to delivering three million apprenticeship starts by 2020.

But we still face challenges in meeting our business needs for talent, skills and labour. In the past, we have given insufficient attention to technical education. We do not have enough people skilled in science,

technology, engineering and maths. We need to narrow disparities between communities in skills and education and remove barriers faced by workers from underrepresented groups in realising their potential.

We will ensure that everyone can improve their skills throughout their lives, increasing their earning power and opportunities for better jobs. We will equip citizens for jobs shaped by next generation technology. As the economy adapts, we want everyone to access and enjoy good work. We will put technical education on the same footing as our academic system, with apprenticeships and qualifications such as T levels. We will continue to support teaching in our schools, flexible career learning and other measures to transform people's life chances.

Key policies

- Establish a technical education system that rivals the best in the world, to stand alongside our world-class higher education system
- Invest an additional £406 million in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills
- Create a new National Retraining Scheme that supports people to re-skill, beginning with a £64 million investment for digital and construction training.

Infrastructure

A major upgrade to the UK's infrastructure.

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Infrastructure is the essential underpinning of our lives and work, and having modern and accessible infrastructure throughout the country is essential to our future growth and prosperity.

Much of this investment is, by its nature, large scale and long term, and one of the most significant ways the government can influence the economy – from our transport and housing through to the roll-out of digital networks. Our National Infrastructure and Construction Pipeline is worth around £600 billion and public infrastructure investment will have doubled in a decade by 2022/23.

We must make sure our infrastructure choices not only provide the basics for the economy, they must actively support our long-term productivity, providing greater certainty and clear strategic direction. Our investment decisions need to be more geographically balanced and include more local voices. We can improve how we link up people and markets to attract investment, and we must be more forward-looking in respect of significant global economic trends.

Through our Industrial Strategy, the country's economic geography will be transformed by a surge of infrastructure investment heralding a new technological era.

We will build a Britain that lives on the digital frontier, with full-fibre broadband, new 5G networks and smart technologies. We will create a new high speed rail network that connects people to jobs and opportunities, regenerate our stations and airports, and progressively upgrade our road network. And we will improve people's lives where they live and work, with high quality housing and clean, affordable energy. Providing the right infrastructure in the right places boosts the earning power of people, communities and our businesses.

Key policies

- Increase the National Productivity Investment Fund to £31 billion, supporting investments in transport, housing and digital infrastructure
- Support electric vehicles through £400 million charging infrastructure investment and an extra £100 million to extend the plug-in car grant
- Boost our digital infrastructure with over £1 billion of public investment, including £176 million for 5G and £200 million for local areas to encourage roll out of full-fibre networks.

Business Environment

To be the best place to start and grow a business.

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The United Kingdom has a global reputation as a good place to do business. A new business starts up every 75 seconds, and we are home to five of the top 10 fastest-growing businesses in Europe. People looking to grow or relocate a business come to Britain confident in our high corporate standards. The OECD ranks us as one of the best places to start and grow a business; we have the most competitive tax rates and we are welcoming to global talent and disruptive start-ups.

Our challenge is to improve how we spread the best practice of our most productive businesses. We are one of the world's great financial centres, yet growing businesses sometimes face difficulty in accessing finance.

Our managers are, on average, less proficient than many competitors, and we should make better connections between high-performing businesses and their supply chains.

Our Industrial Strategy aims to make Britain the best place to start and grow a business, and a global draw for innovators. We will drive productivity in businesses of all sizes by increasing collaboration, building skills and ensuring everyone has the opportunity of good work and high-paying jobs. We will ensure the financial sector is better connected to the rest of the economy, driving impactful investments. We will create a business environment equipped for the challenges and opportunities of new technologies and ways of doing business.

Key policies

- Launch and roll-out Sector Deals – partnerships between government and industry aiming to increase sector productivity. The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector
- Drive over £20 billion of investment in innovative and high potential businesses, including through establishing a new £2.5 billion Investment Fund, incubated in the British Business Bank
- A review of what actions could be most effective in improving productivity of SMEs, including how to address the 'long tail' of less productive businesses.

Places

To have prosperous communities across the UK.

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The United Kingdom has a rich heritage with world-leading businesses located around the country. Our cities, towns and rural areas have competitive advantages that will be essential to shaping our economic future.

Yet many places are not realising their full potential. The UK has greater disparities in regional productivity than other European countries. This affects people in their pay, their work opportunities and their life chances.

Every region in the UK has a role to play in boosting the national economy. We will build on the strong foundations of our city, growth and devolution deals and continue to work in partnership with local leaders to drive productivity. We will introduce Local Industrial Strategies and further strengthen local leadership through Local Enterprise Partnerships and Mayoral Combined Authorities.

We will also introduce new policies to improve skills in all parts of the country, create more connected infrastructure, back innovation strengths, ensure land is available for housing growth, and strengthen our cultural assets.

We are working with our partners in the devolved administrations to deliver ambitious plans for communities across Scotland, Wales and Northern Ireland. We will also continue to build the Northern Powerhouse and Midlands Engine to help create prosperous communities throughout the UK.

Key policies

- Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities
- Create a new Transforming Cities fund that will provide £1.7 billion for intra-city transport. This will fund projects that drive productivity by improving connections within city regions
- Provide £42 million to pilot a Teacher Development Premium. This will test the impact of a £1000 budget for high-quality professional development for teachers working in areas that have fallen behind.

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