The Industrial Strategy has the potential to impact nearly all businesses in the UK and is vital for our future success as a global trading nation as Britain faces a number of challenges, but also opportunities.

At KPMG we welcome the Government’s latest Industrial Strategy white paper to kick start our nation’s response to those challenges and believe a greater level of partnership between business and government is now essential to making these plans a success.

The Industrial Strategy positions the UK at the forefront of the industries of the future. From low carbon technologies to artificial intelligence. The UK already has world-leading expertise in many of these areas and we now need to invest to keep the UK at the frontier of these technological developments.

As a country, we now need to work together to increase the prosperity of all corners of society and address our challenges across low productivity, investing in our infrastructure and up skilling our workforce, as these are all important aspects of creating a better environment for us all to live and work.

We look forward to playing our part in creating a modern and dynamic economy – using our convening power across the UK regions to engage with government and clients and drive awareness and collaboration to help make it a success.
The Industrial Strategy is the Government’s plan for the future of the UK. With the Fourth Industrial Revolution underway, the UK is undergoing enormous change. It is hard to envisage a sector or aspect of people’s life’s that is not seeing an impact as a result of new technologies.

Within this, the Industrial Strategy sets out the long-term plan to boost UK productivity and explains how the Government will help businesses create better, higher-paying jobs with investment in skills, industries and infrastructure.

The UK’s productivity has consistently lagged behind the average for the G7. Low productivity affects wages, economic growth and overall competitiveness. The Industrial Strategy identifies five key drivers to improve productivity.
The other key element of the Industrial Strategy are the four Grand Challenges. Each challenge is an opportunity to put the UK at the forefront of the industries of the future.

**AI & the Data Economy**
Put the UK at the forefront of the artificial intelligence and data revolution. AI has the potential to generate savings of up to 25% and boost productivity in some industries by 30%. The Government have established a Government Office for AI and invested £9m in a new Centre for Data Ethics and Innovation.

**Future of Mobility**
Become a world leader in the way people, goods and services move. It aims to increase capacity and accessibility in the current transport system. Actions the Government are taking include £40m in funding for new charging technologies and £250m for the development and testing of connected and autonomous vehicles.

**Clean Growth**
Maximise the opportunities industry advantage from global shifts to clean growth. By 2030 the UK’s clean economy has the potential to support 2 million jobs and generate up to £170bn in annual exports. Policies in this area include over £2.5bn of government investment in low carbon innovation by 2021.

**Ageing Society**
Meet the needs of an ageing society by harnessing the power of innovation. A third of girls born in the UK today can expect to live until they are 100 years old. A government Healthy Ageing programme will invest in innovation to help older people stay independent for longer.
Sector Deals: Leveraging our economic strengths

These deals are private-public collaborations across a range of sectors to bolster productivity and growth. Current sector deals include:

- **Rail**
  Deal to increase efficiencies, improve journeys and strengthen sector capability to trade internationally.

- **Life Sciences**
  Multi-billion deal to ensure UK remains at the forefront of this sector.

- **Automotive**
  Builds the innovative and competitive supply chain needed for investment.

- **Creative Industries**
  Unlocks growth for creative businesses.

- **Artificial Intelligence**
  Actions to anchor the UK as the go-to place for AI innovation and investment.

- **Aerospace**
  This deal aims to position the UK to exploit emerging markets and take advantage of global shifts towards electric and hybrid propulsion.

- **Construction**
  Deal boosts sector through investment in innovation and skills.

- **Nuclear**
  Deal to secure a diverse energy mix for the UK.

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KPMG’s view point

The Industrial Strategy is vital

At KPMG, we welcome the Government’s commitment and investment in the Industrial Strategy. It identifies the right five drivers to improving productivity in the UK, and focuses on the four industries of the future where the opportunities for the UK are greatest. KPMG have long recognised these industries, and are already advising clients on the implications and opportunities from such technologies – our Mobility 2030 team identify the need for sectors to significantly rethink their business models as new technologies disrupt the mobility ecosystem.

The Industrial Strategy deserves our attention

The Industrial Strategy deserves the attention of government and Business, yet Brexit is often dominating the agenda. Of course we must maintain our focus on Brexit, this is not an either/or question. More debate about the Industrial Strategy would help develop a long-term vision for the economy and build the country we want. The issues in the Industrial Strategy are ones of consensus. They are issues which we can unite around, where focussing our efforts can drive real benefits for the UK.
Growth must be inclusive

We can’t leave a region or communities behind. The Industrial Strategy must ensure the opportunities from the technologies of the future are shared across every region in the UK. We need to ensure technological disruption doesn’t deepen the inequality in our society. Our own Firm’s commitment to tackling social mobility has been recognised: KPMG was ranked number 1 in this year’s Social Mobility Employer Index. Government and business will both need to take action in these areas to ensure the future prosperity of the UK.

Businesses need to work better with government

The key to a successful Industrial Strategy is business and government collaboration. Industry speaks to government with conflicting messages. At KPMG we want to strengthen communication between government and business to drive the government’s vision for an improved economy. Our Industrial Strategy event series unites our clients with government around the key themes in the strategy. Our Industrial Strategy thought leadership aims to inform clients on these key themes and improve client’s confidence in the agenda.

Over the coming months, KPMG will be hosting a number of events across the UK – bringing together government, business leaders and KPMG subject matter experts to discuss the current and future state of the UK’s industrial strategy and work together to make these ambitions a reality.

To keep abreast of our findings, industry insights and future events please visit www.kpmg.com/uk/industrial-strategy