

## Building Our Industrial Strategy Green Paper - BEIS Consultation Jan-April 2017

The Green Paper is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/586626/building-our-industrial-strategy-green-paper.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/586626/building-our-industrial-strategy-green-paper.pdf)

### Consultation submission, April 2017

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*The following questions were responded to in this submission. The response to Q1 includes a more detailed reply setting out priorities for the Industrial Strategy other than those identified in the Government's Green Paper.*

### General

#### **1. Does this document identity the right areas of focus: extending our strengths; closing the gaps; and making the UK one of the most competitive places to start or grow a business?**

The Industrial Strategy as presented in the Green Paper does not, in my view, articulate the most important priorities for the UK.

#### **A 21<sup>st</sup> century Industrial Strategy must put climate change and resource limits at its heart.**

The biggest and most fundamental problem with the proposed Industrial Strategy is the failure to fully set it in a real world context. As 97 per cent of scientists repeatedly emphasise, industrial activity has brought the world to the brink of climate catastrophe and resource depletion on a scale never before seen. These legacies of western-led, and indeed British-led, industrialism must be fully acknowledged and taken into account in the designing of a truly 21<sup>st</sup> century industrial strategy.

This requires the full and explicit acknowledgement that economic and industrial activity can only function and thrive into the future where it operates within the limits of natural systems and finite resources. This needs to be a guiding principle of the UK Industrial Strategy which should shape the setting of our strategic priorities and investment decisions over the short, medium and long term.

For example 80% of known fossil fuel reserves have to stay in the ground if we are to avoid dangerous climate change. These reserves can therefore no longer be meaningfully described as a resource.

Any Industrial Strategy which assumes infinite resources or is not firmly shaped by natural resource limits will not be fit for purpose in meeting our country's needs.

In practice this means focusing on the following: carbon reduction with a pathway to zero carbon including 100% renewable energy; a focus on resource productivity rather than just labour productivity; placing circular economy principles at the heart of the strategy; identifying and expanding employment and skills for low carbon jobs and sectors.

In particular, in June 2016 Government's Committee on Climate Change assessment of progress towards UK climate targets concluded that the UK is not currently on track to meet its 4<sup>th</sup> and 5<sup>th</sup> carbon budgets, and that most of the progress so far is due to decarbonising energy (especially coal phase-out), and that there has been very little progress in other areas.

For the UK to meet its Paris Agreement commitments (for keeping warming within 1.5 degrees) and its 4th and 5<sup>th</sup> carbon budgets, it is imperative that this new Industrial Strategy places these objectives at its heart, and builds a policy program to deliver that. This is currently not the case.

### **Overarching objective**

The overarching objective of the Industrial Strategy should be the transition towards a sustainable zero-carbon economy that affords genuine and more equitably distributed prosperity to the country.

This distribution needs to be more equitable between regions but also within regions, with particular attention to those in most economic and social need. The transition must involve focusing on key sectors and particular innovations, such as resource efficiency and the circular economy. This challenge has great potential for the economy, in terms of job creation, innovation, and delivering economic resilience for the future.

### **Potential of the green economy – for jobs and economic renewal**

The transition towards a low-to-zero carbon economy is already underway. The European Union has identified significant Europe-wide growth of green sectors and eco-innovation at a time when other sectors have been stagnant or in decline. ONS figures show the UK's low carbon sector had a turnover of £46.2 billion in 2014 and was responsible for nearly a quarter of a million UK jobs. The energy efficiency sector already accounts for 136,000 UK jobs.

The employment and economic potential of resource efficiency is detailed in my response to Q30. This includes the opportunity to create up to 102,000 net jobs.

It has been estimated that an effective response to climate change could generate one million jobs in the UK. See *One Million Climate Jobs: Tackling the Environmental and Economic Crises, Campaign Against Climate Change, 2014 (third edition)* and technical companion.

<http://www.campaigncc.org/sites/data/files/sites/data/files/Docs/one%20million%20climate%20jobs%202014.pdf>

My report for the European Parliament, adopted in July 2015, on the EU Green Employment Initiative highlights the many ways in which the green agenda has the potential for job creation and economic renewal, including policies and actions needed to maximise this potential, including at national level. See <http://www.jeanlambertmep.org.uk/wp-content/uploads/2015/07/Green-Employment-Initiative-pdf.pdf>

The Industrial Strategy doesn't sufficiently recognise and take account of the developments and opportunities of the green and low carbon economy for economic renewal. It needs to put these sectors, and the green economy in general, at its centre - in terms of infrastructure, sectoral priorities, skills and R&D innovation.

### **Strategic priorities**

In terms of accelerating the transition towards to zero-carbon future, innovations and transformation in three sectors will have the greatest impact, and are central elements in our industrial and domestic infrastructure. These are: energy, transport and buildings. However, positive outcomes require carbon reduction and resource efficiency objectives being applied across these sectors. Business-as-usual investment in these sectors would be especially counterproductive.

### **Regional focus is needed**

There needs to be a much greater focus on developing a regional approach. Regions are large and diverse enough areas to provide both production and consumption. Increasing regional capacity should be a key objective, with particular focus on those regions in most need. This should be in terms of increasing economic diversity, not just specialism, in order to build economic resilience, investing in skills regionally with a focus on addressing regional skills gaps, and improving regional infrastructure. There is a need for regional-level institutions broadly following the Regional Development Agency model which previously existed.

### **A focus on secure jobs**

Although overall employment levels are currently high, it would be wrong to focus just on the quantity of jobs rather than the quality. ONS data shows that a significant proportion of job growth has been in insecure employment. Since 2011 insecure employment accounted for 67% of job growth in North East and 47% in the North West. Such jobs are particularly vulnerable to future economic shocks and by definition their long-term continuance cannot be assumed. ***The Industrial Strategy should focus on investment to create secure employment. It must assess the split between secure and insecure employment in every region, and focus on shifting in favour of secure employment, particularly in the most affected regions.***

### **A much broader range of indicators of success is needed than GDP growth**

Economic resilience and prosperity is much broader than the simple indicator of GDP growth, and the strategy's priorities need to better reflect this important fact. A society with significantly increasing GDP growth can also be a society with rising inequality, poverty, homelessness, social exclusion, pollution and environmental destruction. The challenge must be to foster socially and environmentally beneficial economic development which is shared equitably, not to foster economic development for its own sake regardless of impact and distribution. The strategy needs to focus on the quality rather than the quantity of economic development.

### **Questioning the centrality of labour productivity**

Placing GDP in this broader context means that increasing labour productivity (measured as GDP per hours worked) should not be so central to the strategy. Indeed labour productivity gains which lead to mass unemployment may appear beneficial from a limited perspective, but will not be so for the workers concerned or for the Treasury or the public if it leads to additional pressures on public finances.

Productivity of labour is used in the strategy as the main measure to determine disparities between regions and city areas. Whilst it is welcome that geographic disparities are being assessed, a broader range of measures are needed than productivity of labour. For example, income and wealth inequality, child poverty, unemployment, skills and education are important measures which should drive strategic investment decisions no less than productivity.

Indeed, the CBI has identified skills and education as the biggest determinants of regional variations in productivity. It is important to focus on addressing a range of social inequalities, many of which have a direct impact upon the economy.

### **Resource productivity/resource efficiency and circular economy**

A shift in emphasis to improving resource productivity will, conversely, deliver improved economic efficiencies and environmental benefits, without negative impacts. ***The strategy should be ambitious in this area, and commit the UK to becoming a world leader in resource productivity and efficiency, and the building of a circular economy.***

### **A central, strategic role for public funding**

Whilst the strategy outlines some of the ways private funding should be used to shape and build the UK's industrial future, it needs to give a stronger place for public funding. There will always be gaps where private funding will not be available or where private funding is not appropriate. Shaping the UK's industrial future needs to be a collective and public endeavour, which should rightly make use of public resources and benefit from the public accountability and scrutiny which goes hand in hand with public resourcing. It means that the industrial strategy is better able to prioritise areas of public interest and safeguard against negative societal or environmental impacts, which is essential in a mature democracy. This requires sufficient public funding, which the Government needs to ensure through progressive taxation. The Government's aim of shrinking public revenue as a reducing percentage of GDP is counterproductive and should be abandoned. The UK is the world's fifth largest economy and its public revenues should not be run down so it is unable to respond effectively to the serious challenges the country faces.

***In order to maximise funding for investment in the transition to a low carbon green economy, the Government should re-establish a public Green Investment Bank, publicly controlled and operating with additional borrowing powers.*** The privatisation of the Green Investment Bank, established by the Coalition government, has been costly and counterproductive.

It is also important to recall the importance of public services and the capacity of regulatory authorities and local government in order to underpin the effective delivery of any overall strategy.

### **Brexit and our regulatory environment**

The strategy needs to acknowledge that our immediate neighbours, the EU27, is the second largest economy in the world (after the US) and that it is inevitable that UK based industry will seek to trade with the EU27 on favourable terms. This will only be possible if our economy and regulatory environment is kept in step with the EU27. ***If the most damaging effects of Brexit are to be avoided, it is imperative that the Government gives clear assurances that the UK will continue with a regulatory environment that meets EU standards in a broad range of areas, such as environmental and emissions standards, product safety, energy efficiency, labelling and animal welfare. This should also extend to a clear commitment to the precautionary principle, which is enshrined in Treaty for the EU.*** Without commitments to these EU standards, UK-based industries will find it harder to do business with EU27, including possibilities under public procurement contracts, to the cost of the UK economy.

This is also important because an established, transparent and high quality regulatory environment gives certainty to business, gives quality assurances to consumers and protects health and the environment. The Government will need to give careful consideration as to how it replaces the role of certain EU regulatory bodies, such as the Chemicals Agency and the Medicines Agency.

### **Flexible migration policy**

Following the EU referendum vote, the UK Government seems to be preparing for a post-Brexit hard-line anti-immigration policy, fixated on reducing number regardless of negative impacts. It is clear that many sectors rely on migrant workers. In some cases these are highly-skilled, but there are numerous examples of migrant workers across all skills levels. We need a flexible migration policy which acknowledges the value of migrants to the UK economy across all skills categories, and accommodates for this. It is well documented that migrants are a net benefit to the UK economy, and UK businesses across a range of sectors need this flexibility to function effectively. With the significant economic challenges of Brexit on the horizon, UK business and industry needs the support of a flexible migration policy, and this should be articulated in the Industrial Strategy, alongside a strong policy of skills development within the UK itself.

## **Social partnerships and trade unions: provision for workforce participation**

It is of course important for government to work with business, and much is made of the Local Enterprise Partnerships which were designed to be business-led. ***However, there is an important need to include within the Industrial Strategy an inclusive and collaborative approach with employees and their representatives at work, the trade unions. The Industrial Strategy should include a specific provision for workforce participation.*** This model is effective in Scandinavia and Germany, where it has proven extremely beneficial to their economies. Developing partnerships with workers can improve industrial relations and widen the pool of talent for innovation.

### ***2. Are the 10 pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?***

See my answer to Q1 where I set out priorities for the strategy other than those identified under the 10 pillars.

### ***3. Are the right central government and local institutions in place to deliver an effective industrial strategy? If not, how should they be reformed? Are the types of measures to strengthen local institutions set out here and below the right ones?***

The current model of Local Enterprise Partnerships are not the appropriate vehicles to deliver effective positive outcomes in terms of an effective industrial strategy. LEPs vary considerably across the country, in terms of input, participation, financing and policy coherence. A better model would be the re-establishment of Regional Development Agencies that would involve input from the local authorities in each region and focus on prioritising strategic regional objectives.

## Investing in science, research and innovation

### ***5. What should be the priority areas for science, research and innovation investment?***

Priority areas should focus on green economy/low carbon sectors and eco-innovation. This should focus on key strategic areas of energy, buildings and transport. In particular this should include: research into improving resource efficiency; energy saving/efficiency, with a particular focus on improving the energy ratings of our existing housing stock and other buildings; and a focus reducing the emissions and pollution from vehicles.

‘Design for all’ should also be a consideration with regard to our demographic situation and that of many industrialised countries.

### ***9. How can we best support research and innovation strengths in local areas?***

It would also be important to consider not only the role of business and academic institutions working together, but also the role of social-enterprise, community and local government collaboration and investment, which can also operate in a not-for-profit model.

## Developing skills

### ***10. What more can we do to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus more on***

### ***basic skills excellence?***

As a result of EU membership, for the period 2014-2020 the UK will have benefited from European Social Fund (ESF) and European Regional Development Fund investments of around €11.8 billion. The ESF projects total €4.9 billion across six operational programmes in Wales, Scotland, Northern Ireland, England and Gibraltar, and also includes €206 million (£170 million) for a Youth Employment Initiative, directed via the Local Enterprise Partnerships, to help young people into work in areas of high youth unemployment, as part of the EU's Youth Guarantee. These programmes include a major focus on skills in relation to employment.

The Government should commit to replacing these project fund shortfalls when they no longer are available after Brexit, and use such additional funds to improve skills for those areas and individuals in most need, including in areas of high youth unemployment.

Different learning styles should also be considered: we tend to undervalue applied learning. There also needs to be a reconsideration of the national curriculum, which is increasingly left with the non-academies state sector: the Government should decide how relevant it is. There is also a risk that specialist 'academies' push specialisation too early.

We also need to look further at the issue that some children face in terms of barriers or interruptions to learning, such as illness, poverty, inadequate housing, care responsibilities etc.

#### ***11. Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons from other countries' systems?***

The German 'dual-education' system is increasingly viewed as an important model, not least because of the value placed on vocation skills.

#### ***13. What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skills needs of industry to skills provision by educational institutions in local areas?***

The Industrial Strategy urgently needs to include a low carbon skills strategy.

In responses to other questions I argue for the importance of low carbon sectors, resource efficiency and the green economy in general. This will be a huge part of the economy across Europe and the world, and offers significant potential for job creation and economic renewal in the UK. But it will only be possible to maximise this potential with investment in low carbon skills. This will need to cover and cut across numerous sectors and should include retraining in areas where technologies are being retired. This needs to be clearly set out in the strategy with a public funding commitment.

There are a number of recommendations in the area of skills for national level action in my European Parliament report on the EU Green Employment Initiative and adopted by the European Parliament. See that report section 'Skills for green employment' (parags 21-40) -

<http://www.jeanlambertmep.org.uk/wp-content/uploads/2015/07/Green-Employment-Initiative-pdf.pdf>. These recommendations include the following:

- The need for action to increase the take up of STEM skills (science, technology, engineering and mathematics), including increasing the participation of women
- the importance for training to be free for those excluded from the labour market or displaced by retiring technology
- the need for a 'just transition' for workers affected by the shift to a low carbon technologies
- the creations of high skilled apprenticeships in the areas covered by green economy, which will be



particularly useful in areas of high youth unemployment

- a regulatory environment at national level that encourages innovation in the green economy
- a national data bank of training courses and employment opportunities in the green economy

Management training is often reported as weak or inadequate, with an assumption that people can move up the management chain with little or no training. The curriculum of business schools needs to keep pace with the changing world of work: it is not acceptable that courses may give no consideration to areas such as sustainability or employment law.

***14. How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?***

This is covered in my response to Q13; the Eurofound Agency also provides valuable information, particularly via their European Monitoring Centre on Change. [www.eurofound.europa.eu](http://www.eurofound.europa.eu).

Infrastructure

*As part of producing its National Infrastructure Assessment, the National Infrastructure Commission has issued a detailed call for evidence, seeking views from stakeholders on a range of questions about UK infrastructure policy. The National Infrastructure Commission's call for evidence is open until 10 February 2017. The questions below seek to complement this work.*

***16. How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?***

There is a need for a greater focus on regional level infrastructure improvements. This is an effective way to improve local infrastructure, and should not focus on large flagship infrastructure projects, but on investment in smaller scale interconnected local improvements. For example, improved public transport connections and frequency across a region will be of significant economic benefit for that region. National infrastructure policy should include the bringing together of regional infrastructure improvement plans for each English region. (This would not apply to the devolved administrations.) The best mechanism for developing regional infrastructure plans would be via the re-establishment of Regional Development Agencies, involving input from the relevant local authorities in each region.

***17. What further actions can we take to improve the performance of infrastructure towards international benchmarks? How can government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?***

Major infrastructure developments must be subject to social, health and environmental impact assessments, with reference to international and European standards. For example air pollution impacts should be fully assessed against World Health Organisation guidelines and EU air quality legislation, and climate impacts should be assessed against the UK Paris Agreement commitments, national carbon budgets and its commitments arising from EU legislation. Access to justice, including under the Aarhus Convention, should be a guiding principle to ensure affected local communities are sufficiently equipped to influence and, where necessary, challenge, infrastructure decisions. These conditions will lead to better infrastructure decision being taken and more appropriate infrastructure projects being realised.

## Improving procurement

### **23. Are there further steps that the Government can take to support innovation through public procurement?**

The Government should use public procurement to develop and strengthen resource efficiency and build a more circular economy. As noted, in England 396 million tonnes of potentially recyclable material will move through the waste management sector in 2013-2020, of which only 65% is currently being returned to the economy. The remaining 35% represents £1.4 billion in lost recycle revenues. Government policies are needed to strengthen resource efficiency across the UK economy so this revenue can be captured. Resource efficiency offers significant economic as well as environmental benefits and should be a major strategic priority of the Industrial Strategy.

Procurement provides an important opportunity for effective Government action. A starting point would be to recalibrate central government procurement rules along circular economy principles. As all central government procurement is now undertaken by a central agency, Crown Commercial Services, they would be the implementing agency for this procurement. A strategy and roadmap should be developed, specifying procurement standards, such as for minimum recycled content, setting mandatory resource efficiency targets and sending clear signals to suppliers. The model should also be rolled out across all government department budgets.

### **24. What further steps can be taken to use public procurement to drive the industrial strategy in areas where government is the main client, such as healthcare and defence? Do we have the right institutions and policies in place in these sectors to exploit government's purchasing power to drive economic growth?**

Decisions relating to the NHS should not be made based on their merit in terms of economic growth, but solely on the most appropriate objectives for a universal, publicly owned and run public service. Rather than increasing the marketisation of the NHS, these developments should be reversed.

The following points address the question of how Government can use public procurement more effectively in general, and not in relation to either healthcare or defence:

The issue of the management of contract design and oversight needs to be improved: it is a higher level skill and often underestimated.

In terms of SME access, the Government should also consider how consortia of local SMEs, including social-enterprises, can be formed that would then be in a position to bid for larger contracts. Local government has a role to play in this.

## Encouraging trade and inward investment

### **25. What can the Government do to improve our support for firms wanting to start exporting? What can the Government do to improve support for firms in increasing their exports?**

Our immediate neighbours, the EU27, represent the second largest economy in the world (after the US). It is imperative that that UK businesses can gain the best possible access to the EU single market without the relative disadvantage of tariffs. Leaving the EU and membership of its Single Market not only ends barrier-free access to that marketplace, it will also terminate our participation in EU trade deals with 50 other countries by which UK exporters are able to access those marketplaces. To correct



these damaging impacts of Brexit, the Government must at least continue to align the UK economy closely to the EU economy by meeting current and future EU regulations, especially where these are required for businesses to export to the EU.

The Industrial Strategy needs to explicitly commit to encouraging businesses to trade with the EU27 and to ensure the UK regulatory environment facilitates this. This is also important to help stop businesses relocating to EU27 from the UK in the lead up to and following Brexit.

**26. What can we learn from other countries to improve our support for inward investment and how we measure its success? Should we put more emphasis on measuring the impact of Foreign Direct Investment (FDI) on growth?**

The points made in 25 also relate to inward investment.

Energy: Delivering affordable energy and clean growth

**27. What are the most important steps the Government should take to limit energy costs over the long term?**

Despite having excellent natural wind and solar resources recent UK performance on renewable energy has been poor. Sweden meets over 50% of its total energy needs from renewables, and has set a target of 100% renewable energy by 2040. Denmark has a target of 100% renewable electricity and heating by 2035 and 100% of all energy by 2050. <http://ec.europa.eu/eurostat/documents/2995521/7155577/8-10022016-AP-EN.pdf/38bf822f-8adf-4e54-b9c6-87b342ead339>

In terms of energy resilience and security, as well as meeting climate obligations, especially the Paris Agreement and our fourth and fifth carbon budgets, **the Government should commit the UK to a 100% renewables target, and, crucially, include a binding renewables target for 2030 as part of that pathway. It should also reverse its declining support for renewables so evident in recent years. These policies should be clearly referenced in the Industrial Strategy.** Investing more in renewables now will be extremely valuable going into the future, and the current failure to do so is counterproductive and short-sighted. Public investment in renewables is more cost-effective than nuclear, and onshore wind is cheaper than new gas build. Renewables are also popular with the public. A ComRes poll of 2,037 British adults found 73% in favour of onshore wind and 83% supportive of solar power.

Setting an ambitious 2030 renewables target, as part of a pathway to 100% renewables, would send a clear signal to emerging green industries that the UK is forward-thinking and in the vanguard, rather than reluctant participant prepared to do little more than the minimum. As part of this commitment there needs to be an effective route to market for renewables, including onshore wind and solar.

There is also a need to increase the ambition of additional GW per year deployment of offshore wind. The UK's offshore wind resources offer the potential for over 400 Twh, greater than the UK's total annual electricity demand. (<https://www.theccc.org.uk/wp-content/uploads/2015/10/Power-sector-scenarios-for-the-fifth-carbon-budget.pdf>, p16, based on 2014 figures.)

The Government will also need to consider the implications of Brexit on energy connectors with Ireland and other parts of the EU.

### **30. How can the Government support businesses in realising cost savings through greater resource and energy efficiency?**

A focus on resource efficiency and a move towards a more circular economy should be a significant focus of the Industrial Strategy. It offers particular potential for the UK economy and job creation. Projections show that with support to expand the circular economy in the UK could generate 54,000 net jobs (205,000 gross), and with more concerted initiatives to develop the circular economy this could rise to 102,000 net jobs (517,000 gross).

These scenarios are dependent on the levels of the following activities: reuse; closed loop recycling (where quality of material is maintained); open loop recycling (aka downcycling, where the quality of the product is downgraded); repair and remanufacturing (where most of the product value is maintained); servitisation (eg leasing services).

See *Green Alliance/WRAP, Employment and the circular economy: job creation in a more resource efficient Britain, 2015*, <http://www.green-alliance.org.uk/resources/Employment%20and%20the%20circular%20economy.pdf>.)

Policies and targets which aim to increase activities in these areas or sectors will expand the circular economy. This also expands resource efficiency and offers potential cost savings across the wider economy, as remanufactured or recycled materials replace raw materials. This can be even more beneficial to industry at a regional level due to proximity.

There are, however, barriers to increasing business take-up of circular economy models. A big barrier has been regulatory uncertainty, so it is incumbent upon Government to establish and communicate a clear framework. ***In particular the strategy should include a full and ongoing commitment to the EU Circular Economy Package and Action Plan, including relevant targets, regardless of Brexit. This is essential in order to demonstrate to business that the Government has an ongoing commitment to this agenda.*** See <http://ec.europa.eu/environment/circular-economy/>.

As part of this Government needs to facilitate better access to funding and technical expertise. Although the Government has established a National Productivity Investment Fund for science and innovation and a British Business Bank which includes access to investment in innovation, these do not place any emphasis on particular innovations. ***The Industrial Strategy needs a clear commitment to improving resource efficiency and building a stronger circular economy and to ensure specific institutions exist to facilitate funding access and expertise for this purpose.***

London Waste and Recycling Board (LWARB) have launched Advance London, an advisory service to support SMEs on pathways into or the scaling up of circular economy models. This was made possible by ERDF funding. See <http://www.lwarb.gov.uk/what-we-do/advance-london/>.

InnovateUK has operated a ‘Circular Economy: business models’ programme which includes loan provision. Such examples could be scaled up and rolled out nationally or regionally

The EU has launched its Innovation Deal in the area of circular economy. This is modelled on the Dutch Green Deal which focuses on the provision of expertise, bringing together agencies, universities, businesses, NGOs and others. The UK should adopt a similar model as part of the Industrial Strategy. See <https://ec.europa.eu/research/innovation-deals/index.cfm>

***The strategy should establish an Energy Efficiency Fund to help enable industry to invest in energy efficiency and thereby reduce energy use.***

Creating the right institutions to bring together sectors and places

**36. *Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?***

See my response to Q1, paragraph 'Regional focus is needed', for why we need a more regional level approach. There is a need for regional-level institutions broadly following the Regional Development Agency model. A Regional Development Agency should be re-established for each of the English regions. See also my response to Q16.

This is also relevant to Q37 and Q38.

**37. *What are the most important institutions which we need to upgrade or support to back growth in particular areas?***

See Q36.

**38. *Are there institutions missing in certain areas which we could help create or strengthen to support local growth?***

See Q36.

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