

MONTHLY MONITOR



February 2018

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Sector deals

Further to the [industrial strategy white paper](#) [read APM briefing [here](#)], two new [sector deals](#) have been announced: a transformative sector deal between the [UK life sciences sector](#) and the government (announced in December); and an automotive [sector deal](#).

Life sciences

The life sciences sector deal will draw substantial investment into the sector from across the world, ensuring that the next wave of breakthrough treatments, innovative medical research and technologies, and high skilled jobs are created in Britain.

A key part of the industrial strategy white paper, the life sciences sector deal sets out an agreed strategic vision, built on co-investment, for the government and UK life sciences that will modernise the industry, boost businesses large and small within it, and ensure the sector is perfectly positioned to respond to the challenges and opportunities of demographic change and pioneering research and development.

The deal brings together a number of significant commitments and investments into the UK by 25 global organisations from across the sector, including a major investment by global healthcare firm MSD, known as Merck and Co. Inc. in the US. The investment by MSD will include a new world-leading life sciences discovery research facility and headquarters in the UK, supporting 950 jobs including 150 new high-skilled and high-value research roles.

Automotive

The automotive sector deal, the first in a rolling series of intended deals with the sector, builds on the partnership between the government and industry that has been in place since the Automotive Council was established in 2009, setting the direction and long-term strategic priorities for the sector.

The automotive sector deal sets out a joint strategic vision for how both sides can continue to work together and is the first step towards establishing the UK's leadership in meeting the Future of Mobility and Clean Growth Grand Challenges.

The deal secures joint investment and long-term commitments between government and industry in areas including the design and development of connected and autonomous vehicles (CAV), the research and development of battery technology and accelerating the manufacture of ultra-low and zero emission vehicles. As part of this, the government has announced £26.4m of investment, match-funded by industry to total £52.8m, to help develop the next generation of driverless and low-carbon vehicles, with flagship projects led by Ford, GKN and Jaguar Land Rover.

Brexit

The sixth round of Brexit negotiations in December led to the publication of a joint [EU-UK statement](#) as an *agreement in principle* was reached on the first phase of negotiations, including on the financial settlement, which the UK Government estimates will cost around £35–39bn.

Perhaps the most noteworthy paragraph within the joint statement is paragraph five which states that, "Under the caveat that **nothing is agreed until everything is agreed**, the joint commitments set out below in this joint report shall be reflected in the Withdrawal Agreement in full detail. This does not prejudice any adaptations that might be appropriate in case transitional arrangements were to be agreed in the second phase of the negotiations, and is without prejudice to discussions on the framework of the future relationship" (emphasis added). In short, this means that what has been agreed thus far can be superseded by future agreement and that a no-deal scenario can still occur should full agreement not be reached.

Following the EU council summit on 14–15 December, it has been agreed that given sufficient progress had now been made, negotiations could move on to transitional arrangements and the future EU-UK relationship. [To read about the possible outcomes as the future relationship between the UK and the EU is negotiated, see APM's Brexit briefing [here](#).]

Cabinet reshuffle:

The New Year cabinet reshuffle was a delicate task for the prime minister, requiring strategy and guile as radical change was to be avoided. The following is a list of key appointments (for a full list of ministers, see [here](#)):

■ Rt Hon. David Lidington MP appointed **Minister for the Cabinet Office** and **Chancellor of the Duchy of Lancaster**

As a successor to Damian Green – though without the title of First Secretary of State – Mr Lidington has previously served as Lord Chancellor and Secretary of State for Justice and Leader of the House of Commons.

■ Oliver Dowden CBE MP appointed as **Parliamentary Secretary** at the **Cabinet Office**

Elected to Parliament in 2015, Oliver Dowden takes over ministerial responsibility for the **Infrastructure and Projects Authority** from Caroline Nokes (now appointed Immigration Minister).

■ Damian Hinds MP appointed **Secretary of State for Education**

Following the resignation of Justine Greening, Damian Hinds has been appointed Secretary of State for Education. Mr Hinds has ministerial experience both in the *Department for Work and Pensions* and the *Treasury*, and a track record of taking strong interest in education policy.

■ Sam Gyimah MP appointed as a joint **Minister for Higher Education** at the Department for Business, Energy and Industrial Strategy, and **Minister of State for Universities, Science, Research and Innovation**.

As a successor to Jo Johnson (now *Minister of State at the Department for Transport*) Sam Gyimah takes on a challenging brief which will see him preside over the UKRI Research and Innovation Infrastructure Roadmap (see below).

■ Rt Hon. Esther McVey MP appointed **Secretary of State for Work and Pensions**. The fifth holder of this post in two years, Ms McVey replaces David Gauke.

This is a logical move by the prime minister due to Ms McVey's previous experience working in the *Department for Work and Pensions* as a minister. Representing a north-west constituency, McVey will be challenged with tackling social mobility across the UK in addition to the roll out of Universal Credit.

■ Rt Hon. David Gauke MP appointed **Lord Chancellor** and **Secretary of State for Justice**.

Mr Gauke previously served as *Secretary of State at the Department of Work and Pensions* and as a longstanding *Treasury Minister* (Exchequer Secretary to the Treasury, Financial Secretary to the Treasury, and more recently Chief Secretary to the Treasury).

Sir John Armitt:

Sir John Armitt – an Honorary Fellow of APM – has replaced Lord Adonis as the Chair of the **National Infrastructure Commission** following Lord Adonis' resignation.

In the [press release](#) accompanying the announcement, Sir John called for the Commission to "remain focused on tackling the long-term issues of congestion, capacity and carbon – and to continue to hold the government to account where decisive action is needed – so we can secure the improvements that companies, communities and families need." [Sir John Armitt had been serving as *Deputy Chair* of the NIC, recently giving [evidence](#) alongside Lord Adonis to the Treasury Select Committee. He is also the former chief executive of Network Rail.]

Reports and publications – government/professional bodies/think-tanks/other:

- The prime minister launched the government's [25 year Environment Plan](#) setting out government action to "help the natural world regain and retain good health" and aiming to "deliver cleaner air and water in our cities and rural landscapes." Additionally, the plan seeks to protect threatened species and to "provide richer wildlife habitats."
 - Key pledges from the plan include: A pledge to eradicate all avoidable plastic waste in the UK by 2042; confirmation of the extension of the 5p charge for plastic carrier bags to all retailers in England; government funding for plastics innovation (companies can bid into the £7bn research and development pot); a commitment to help developing nations tackle pollution and reduce plastic waste, including through UK aid; fruit, vegetable and other fresh food to be sold loose instead of in plastic packaging (specifically cucumbers).
- In November the government announced that 2018 will be the [Year of Engineering](#). The UK Space Agency has joined forces with partners across government and industry to give thousands of young people inspiring experiences of engineering as part of the year-long campaign. [To see what is happening near where you live, enter your postcode [here](#).]
- On 15 January, the Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster, the Rt Hon. Mr David Lidington MP made a [statement to the house](#) relating to Carillion Plc. After opening with the declaration that "taxpayers should not, and will not, bail out a private sector company for private sector losses or allow rewards for failure." The minister urged employees to continue to turn up for work despite the collapse, adding that the government was "doing all it could to minimise the impact of the collapse on subcontractors and suppliers." [Read the **National Audit Office** report on PFI and PF2 [here](#), published on 18 January 2018.]
- Following the collapse of Carillion, the **Institute for Government** (IfG) published [analysis](#) that such a collapse demonstrates the weakness of the public vs private finance debate.

Additionally, IfG recently published its *2018 Whitehall Monitor*, annual [report](#). [The launch event can be viewed [here](#) or the audio is available [here](#).] With a section dedicated to [delivering major projects](#) the 2018 *Monitor* provides analysis of the Infrastructure and Projects Authority annual reports, 2013–2017. Noting that successful delivery of major projects "now appears 'probable' for only a fifth of all government major projects", and with costs having increased across the portfolio, IfG observes that delivery confidence is up for small, and information and communications technology (ICT) projects.

- In December, the **Infrastructure Projects Authority (IPA)** published its report [Transforming Infrastructure Performance](#) (TIP). This report expounds the government's plan to increase the effectiveness of investment in infrastructure – both economic infrastructure such as transport and energy networks, and social infrastructure such as schools and hospitals – by improving productivity in the way assets are designed, are build and operate.

TIP examines how the government and industry can work together to benchmark performance and select the right projects; improve integrated planning across sectors; support effective commercial relationships; and increase uptake of technologies and innovations – both for new and existing infrastructure. TIP is a substantial change programme with a ten-year horizon that builds on existing best practice and tackles the systemic issues that still limit the performance of UK infrastructure.

- Published on 6 December, the [National Infrastructure and Construction Pipeline](#) details *planned* infrastructure and construction investment across the public and private sectors. This pipeline builds on the work of the [National Infrastructure Delivery Plan](#), which set out the government's plans to support the delivery of housing, and social and economic infrastructure.

[Analysis](#), published alongside the National Infrastructure and Construction Pipeline, contains projections of **£600bn** of public and private investment in infrastructure over the next 10 years and includes a delivery progress update on the 4,500 individual infrastructure projects and 158 high priority projects which have been completed since 2010.

- December saw the appointment of a *Small Business Commissioner* to "drive a culture change in payment practises and ensure small businesses are treated fairly." The new commissioner will support Britain's 5.7 million small businesses to resolve payment disputes and tackle larger businesses unfair payment practices to drive culture change. Small businesses can now [submit late payment complaints](#) to the commissioner, Paul Uppal.
- In December the government confirmed a major **£75m** investment in the Cavendish Laboratory at the University of Cambridge. [Originally announced in the 2015 spending review, this confirmation coincides with a new **£85m** private donation to the university from the estate of the late Ray Dolby.]

- **Transport for the North (TfN)** published its [Strategic Transport Plan](#) which will become a statutory document after TfN becomes the first Sub-National Transport Body in **April 2018**.

TfN's Strategic Transport Plan sets out the case for strategic transport infrastructure investment through to 2050 – incorporating new analysis and evidence from previous Rail North, Stakeholder, and Partner strategies.

- The **National Audit Office (NAO)** published its [report](#) *Delivering STEM skills for the economy* examining whether the approach of the Department for Business, Energy and Industrial Strategy and the Department for Education's to boosting participation in the STEM education pipeline at *all levels* is likely to address the STEM skills challenge in a way that achieves value for money.
- The government published a [summary](#) of the pre-consultation draft Nuclear Safeguards Regulations. [N.B. The publication of the pre-consultation drafts is timed to accompany the report stage of the Nuclear Safeguards Bill 2017 to 2019, which takes place on 23 January 2018.]
- Science minister Sam Gyimah MP announced the launch of the [UKRI Research and Innovation Infrastructure Roadmap](#) in a [speech](#) given at the Royal Society. The minister stated that work has now begun to identify strengths to capitalise upon and recognise any gaps in nationally and internationally important research and innovation infrastructure across the UK. The work will lead to the creation of the first UK National Research and Innovation Infrastructure Roadmap and will be one of the first major pieces of work to be completed by UK Research and Innovation (UKRI), the new single funding organisation for research and innovation in the UK, which is integral for furthering R&D opportunities through our industrial strategy.

The map will include not only large scientific facilities and major equipment, but other resources such as collections, archives or scientific data, e-infrastructures such as data and computing systems, and communication networks, which together are all crucial to maintaining the UK's reputation as a world-leader in science and innovation.

- The **Department for Transport (DfT)** published the [Transport Infrastructure Efficiency Strategy](#) (TIES) in December – in collaboration with Crossrail, Highways England, High Speed Two Ltd, Network Rail, Transport for London, and the Department for Transport. The strategy complements existing efficiency targets and business plans and supports wider business objectives like boosting supply chain productivity, adopting new methods of construction to reduce project delivery time and reducing carbon emissions.

The strategy presents examples of efficiency initiatives that offer *scalable* opportunities. Drawing on examples from across transport and other sectors, including: energy, water, oil and gas and defence. Recommendations are presented as seven challenges to the transport industry and call for greater consideration of strategic trade-offs; setting up projects to deliver better outcomes for transport users; benchmarking; more robust estimating in projects; collaboration with industry enabling greater innovation; the use of new technology; and adoption of modern methods of construction.

- The **House of Lords European Union Committee** published a report in December entitled [Brexit: deal or no deal](#) exploring the consequences of 'no deal' — or rather, the failure of the UK and the EU to reach agreement on either withdrawal or future relations.

The overwhelming view of witnesses was that 'no deal' would be deeply damaging for the UK. Indeed it would "not just be economically disruptive, but would bring UK-EU cooperation on issues such as counter-terrorism, nuclear safeguards, data exchange and aviation to a sudden halt. It would necessitate the imposition of controls on the Irish land border, and would also leave open the critical question of citizens' rights." [For more analysis of possible outcomes, read APM's Brexit briefing [here](#).]

- The **Department for Education** published [statistics](#) covering the latest monthly apprenticeship starts. Whilst between August and October 2017 there were 114,400 apprenticeship starts (August: 21,400 starts; September: 58,600; and October: 34,300 starts), these figures are significantly less than those reported at this point in 2016/17 (36,500, 74,400 and 44,800 starts respectively). These are provisional starts based on returns up until the end of November 2017 and are presented for transparency purposes. [The CBI [responded publicly](#) that this drop in apprenticeship starts "remains alarming and proves again that the Apprenticeship Levy isn't yet working for businesses, apprentices and the economy."]
- The **House of Commons** *Exiting the EU Committee* published some of the [sectoral reports](#) made available to them by the government. The reports cover: a description of the sector, the current EU regulatory regime, existing frameworks for how trade is facilitated between countries in this sector, and sector views. Importantly: they do not contain commercially, market or negotiation sensitive information.
- The **House of Commons** *Environmental Audit Committee* published a report [Plastic bottles: Turning Back the Plastic Tide](#).
- The **House of Commons Library** published a [report](#) on manufacturing.
- In December the government announced an investment of £86m in the **UK Atomic Energy Authority's** (UKAEA's) nuclear fusion research programme at Culham Science Centre. The investment will fund the building and operation of a National Fusion Technology Platform, expected to open in 2020.
- The **Cabinet Office** published its [Interim Cyber Security Science and Technology Strategy: Future-Proofing Cyber Security](#). Through the **National Cyber Security Strategy** (NCSS), the government committed itself to publishing a detailed Cyber Science and Technology Strategy that would "(identify) areas of science and technology that the government, industry and academia consider to be important and identify gaps in the UK's current capacity to address them." This strategy therefore focuses on how the UK government will integrate the identification of emerging technologies and future technologies into its cyber security policy making.
- The **National Audit Office** (NAO) published its [report](#) on the Thameslink, Southern and Great Northern rail franchise, examining the causes of poor performance on those respective networks since the franchise began in September 2014. The report also considers the effects on passenger services, financial outcomes for the operator and the Department for Transport – in addition to the Department's handling of the Thameslink, Southern and Great Northern franchise.
- The **Royal United Services Institute** published a briefing paper entitled [National Security Relations with France after Brexit](#)
- The **Department for Education** published [statistics](#) covering the latest monthly apprenticeship starts, apprenticeship service registrations and commitments, and the apprenticeship levy. Whilst between August and October 2017 there were 114,400 apprenticeship starts (August: 21,400 starts; September: 58,600; and October: 34,300 starts), these figures are significantly less than those reported at this point in 2016/17 (36,500, 74,400 and 44,800 starts respectively). [These are provisional starts based on returns up until the end of November 2017 and are presented for transparency purposes]
- In December, the [priorities](#) of the **Thames Estuary 2050 Growth Commission** were announced. These will be as follows:
 - Sectors** – creating internationally-competitive centres of excellence that build on the corridor's sector strengths, for example in ports and logistics, and make the most of growth sectors such as the creative industries;
 - Connectivity** – making the most of planned investments such as the Lower Thames Crossing, and assessing the case for other investments that have been proposed, such as further river crossings and extending the Elizabeth Line to Ebbsfleet;
 - Communities** – ensuring that people right across the corridor benefit from expected growth, including equipping them with the right skills, making sure high-quality housing is available, promoting use of the river, and enhancing the Thames Estuary's natural environment;
 - Delivery** – working closely with organisations and communities to develop a plan for delivering the vision, aligning with the Government's intention to explore ambitious housing deals in the area.
- The think-tank **Open Europe** published its report [Beyond the Westminster Bubble: What people really think about immigration](#)
- The **British Chambers of Commerce** (BCC) published its [Q4 2017 Quarterly Economic Survey](#) showing that growth in the UK economy remains subdued, with almost all services indicators below their pre-EU referendum levels, and the strong performance of manufacturers easing slightly in the final quarter of 2017.
- **Highways England** published its [Strategic Road Network Initial Report](#) in December, setting out its vision and priorities for the second road period (2020- 2025). The report is driven by Highways England's aim to "accelerate the delivery of government's ambition as set out in the *Road Investment Strategy* – to revolutionise our strategic roads to create a modern SRN that supports a modern Britain."
- The **Institution of Engineering and Technology** published its report [Skills and Demand in Industry 2017](#) exploring (among other things) the impact of Brexit upon engineering skills and jobs.
- The **Education Policy Institute** published a report [English Education: World Class in Primary?](#) on primary school standards.

- The **National Audit Office (NAO)** published a report “examining whether the Department for Education is maximising the extent to which market dynamics in the higher education sector support government’s objectives.” Some key facts from the report: there are **two million** students currently in higher education in England; **32 per cent** of undergraduates from England consider their course value for money (down from **50 per cent** in 2012); the average debt on graduation is **£50,000**; and **26 per cent** of 18-year-olds from the most disadvantaged backgrounds entering higher education aged 18 or 19 (up from 21 per cent in 2011).

- **Innovate UK** published its [delivery plan](#) 2017 to 2018, setting out how £500m will be invested in the financial year 2017/18 – both in competitions to support business-led innovation and in innovation infrastructure that allows businesses to access leading-edge expertise, equipment and facilities. The plan describes the first challenges made under the government’s new Industrial Strategy Challenge Fund and explains how Innovate UK will support the best proposals from UK businesses as part of the £4.7bn investment in research and innovation over the next four years.

- **IPPR North** published a [report](#) on the skills gap between the North and South of England entitled *Skills for the North: Devolving Technical Education to Cities* – in addition to a [briefing](#) entitled *Transport Investment In the North: A Briefing on the Government’s New Regional Analysis of the National Infrastructure and Construction Pipeline*.

- The **IPPR Commission on Economic Justice** published a discussion paper [Managing Automation: Employment, inequality and ethics in the digital age](#).

- The **Institute of Directors (IOD)** published its report [Digital government and the productivity puzzle](#) making the case for partnership between the public and private sectors. The report, following a survey of nearly 1,000 business leaders, states that the government must embrace the best of private sector innovation if it is to deliver the high-quality digital services that citizens expect.

- The **Institute for Fiscal Studies (IFS)** published a report on the effect of the minimum wage: [Will the rising minimum wage lead to more low-paid jobs being automated?](#)

- The **Committee on Climate Change (CCC)** published its report [An independent assessment of the UK’s Clean Growth Strategy – from ambition to action](#). The report is unequivocal that although ambitious, the [Clean Growth Strategy](#) does not go far enough, with urgent action needed to flesh out current plans and proposals, and supplement them with additional measures, to meet the UK’s legally-binding carbon targets in the 2020s and 2030s.

- The **Manufacturers’ Association EEF** published its [2018 EEF/AIG Executive Survey](#) showing that Britain’s manufacturers enter 2018 optimistic that a growing global economy will sustain new orders and industry growth in the year ahead. The balance of companies expecting an improvement in global conditions has reached the highest level in four years, with 42 per cent of companies expecting trading conditions to be better than last year, compared with 14 per cent predicting world growth will be slower than last year. The optimism for the global economy contrasts, however, with the outlook for the UK market with more manufacturers expecting a deterioration in the UK economic conditions for the second year running.

- EEF** also published its Q4 2017 [Manufacturing Outlook](#) showing that manufacturers are continuing to ignore the ongoing political uncertainty at home as improved global demand, from European markets in particular, and the increase in commodity prices is feeding growth across the manufacturing supply chain.

- In December **Which?** published its [Complete Guide to Higher and Degree Apprenticeships](#) following a survey of 16–24 year olds showing that only a third of young people surveyed say they felt informed about apprenticeships when leaving school or college. The study of 16–24 year olds found that **36 per cent** felt they were informed about apprenticeships, compared to **94 per cent** for university. Just **three per cent** of those surveyed said that pursuing an apprenticeship was their first choice, while only a third said they had considered it. Two-thirds felt that they didn’t know enough about apprenticeships.

- **The Electoral Commission** published its [report](#) of the administration of the June 2017 (UK Parliamentary) general election.

- The **National Centre for Social Research (NCSR)** published a [report](#) on Brexit and negotiations with the European Union entitled *Half time in the Brexit negotiations: The voters’ scorecard*.

- **The National Council for Voluntary Organisations (NCVO) and Employment Related Services Association (ERSA)** published proposals for a successor to the European Social Fund (ESF) that it said would “help boost productivity and create a fairer and more inclusive society.” The ESF provides investment in education, training and employment support and has led to significant positive employment and skills outcomes for disadvantaged groups across the UK. [Between 2007 and 2013 the UK benefited from €8.6bn (approx. £7.7bn) in ESF funding, including national match-funding. A further €3.5bn (approx. £3.1bn) has been allocated to the UK for 2014–2020.]

- The **Policy Institute at King’s College London** published its [report](#) *Creating, not picking, winners: How to develop an industrial strategy which works for everyone* – exploring key elements of an effective industrial strategy for the UK. The report argues that with a volatile political climate, public confidence needs a boost, and that the UK’s industrial strategy must be bold, definitive and resilient to scrutiny.

- The **Nuclear Industry Association (NIA)** published a [report](#) on economic activity in the UK nuclear sector in 2016 showing that the UK’s civil nuclear sector contributed £6.4bn to the UK economy last year – equivalent to the aerospace manufacturing industry; and its 65,000 employees are part of one of the most productive workforces in the country, with each nuclear sector employee contributing an average of £96,600 in gross value added (GVA) to the economy.

- The **Confederation of British Industry (CBI)** published its [annual employment trends survey](#) in collaboration with **Pertemps Network Group** in December, showing that companies remain optimistic about their ability to generate jobs in the short-term, building on the UK’s record labour market performance. Now in its twentieth year, the survey found that 51 per cent of firms across the UK will grow their workforce in the year ahead, with confidence highest amongst small and mid-sized firms (58 per cent). Additionally, 93 per cent of respondents reported that a diverse and inclusive workforce is important to the future success of their organisation – up on 76 per cent in 2016.

The CBI also published results of its quarterly [Industrial Trends Survey](#) showing that manufacturing growth accelerated over the last three months to January 2018.

Reports, publications, and activity from the world of project management:

- New PMI Board members for 2018 [announced](#).
- [IMPA's Blog](#) has been very active since the turn of the year with no less than three blogs on a broad range of subject matter including: Mindfulness in projects, and from systematic-beings to organic-beings, amongst others.
- The Major Projects Association published their [Gender balance interventions in major projects](#) publication.
- ICCPM have launched their [Knowledge Sharing Forum for 2018](#) which will take place in Canberra in February.

APM forthcoming:

- In late February APM will publish a research report on *Dealing with difficult stakeholders* led by Liverpool John Moores University.
- APM will soon be responding to two consultations pertaining to T levels – one relating to [Occupational Maps](#) and the other to [Implementation of T level programmes](#). Both consultations close on 8 February 2018.
- Look out for more [APM Research Summaries](#) including Benefits Management: Lost in translation.
- Closing on Friday 2 February, APM's [Salary and Market Trends survey](#) is currently live. Now in its fourth year, the survey provides an invaluable insight into market confidence, salaries and demands for skills and training across the profession.

APM Research and Policy Outputs:

- A reminder that the deadline for **APM Research Fund** funding is 5 February 2018. Please [click here](#) for more information.
- APM published the *seventh* and *eighth* chartered papers in its *Road to Chartered* series entitled [Building influence as a chartered body](#) and [Driving innovation in a chartered body: Building a sustainable professional body for the 21st century](#) respectively.
- APM is currently [supporting](#) a research study led by Dr Rebecca Casey at Newcastle University to explore, inform and develop the adoption of benefit realisation management among the project management community.
- APM made a [submission](#) to the National Infrastructure Commission's consultation on *Priorities for future infrastructure* on the 12 January 2018.