

## SUMMARY

- + Artificial intelligence sector deal
- + T levels and human capital
- + Digital tech transforming the financial and related professional services industry
- + Reports and publications
- + APM forthcoming

## Artificial intelligence sector deal:

- **Business secretary Greg Clark** and **Digital secretary Matt Hancock** this month announced a £1bn deal to put the UK at the forefront of the artificial intelligence (AI) industry – with more than 50 leading technology companies and organisations contributing to the development of the AI sector deal.
- Building on the commitment made in the government's industrial strategy and its AI grand challenge, the deal marks the first phase of a major innovation-focused investment drive in AI which aims to help the UK seize the estimated £232bn opportunity AI offers the UK economy by 2030 (10 per cent of GDP).
- This [sector deal](#) is a commitment from government and industry to realise AI's potential, outlining a package of up to £0.95bn of support for the sector, which includes government, industry and academic contributions up to £603m in newly allocated funding, and up to £342m from within existing budgets, alongside £250m for connected and autonomous vehicles. This support complements and leverages some of the £1.7bn that has been announced under the cross-sectoral industrial strategy challenge fund so far, with five challenges having AI components that AI businesses will be able to bid into through future competitions.
- Commenting on the sector deal, CBI innovation director Tom Thackray said: "The AI sector deal paves the way for the UK to lead the way on this transformative technology. Developing AI skills, supporting the UK's world class research base and increasing investment across the country are important building blocks to make AI a game changer for the economy."

## T levels and human capital:

- The **Resolution Foundation (RF)** this month published a report on T Levels entitled [Technical Fault: Options for promoting human capital growth](#) which found that after decades of rising educational attainment the pace of that attainment growth appears to have slowed in the 21st century – contributing to a stalling of gains in pay among younger cohorts that pre-dates the financial crisis. In addition, the report finds a reduction in work development opportunities for younger workers when compared to those afforded to previous generations.
- The RF proposes a twin-track approach to reforming the skills landscape to restart generational progress on human capital. This involves both 'fixing' the technical (non-A level/university) education offer for future generations of young people, and providing additional support for those lower-qualified young adults who have already passed through the education system but who find themselves less well-served by the development. [The options for promoting growth in the UK's human capital set out in the report will feed into a suite of policy recommendations in RF's intergenerational commission's *final report*, due for publication in May.]

The following are among the policy proposals made by the RF to fix technical routes for the future:

- the Institute for Apprenticeships should remain firm on its requirement that apprenticeships now include 20 per cent off-the-job training; firms who do not provide this should face sanctions;
- the Department for Education (DfE) should prioritise the communication and culture change challenges of delivering T level work placements and should engage with employers to ensure that the lessons learned from work placement trials inform future policy;
- the DfE should assess where regional T level work placement gaps exist and build in flexibility for those students who wish to pursue a course even where there are no related employers locally, such as through online training courses or homestay options for students;
- the DfE should deliver the 'bridging' provision that will allow someone to switch between the 'academic' and T level tracks, and also clarify whether (and which) T level courses will have options for further study at levels 4 and 5;

- the government should make available comprehensive information on further education options, availability and employment outcomes and should present this information on a course comparison website akin to the publicly funded higher education comparison platform, Unistats.

## Digital tech transforming the financial and related professional services industry:

- **TheCityUK** published its report [Key facts about UK-based financial and related professional services](#) revealing the speed with which digital technology is transforming the financial and related professional services industry – improving efficiency, innovation, and increasing access to services for customers.
- The report shows that the use of contactless payments has increased 115 per cent year-on-year in June 2017, reaching 470 million transactions in that month. In contrast, the value of cheque payments has fallen by 69 per cent over the last decade and now makes up just 0.4 per cent of all payments. Among the other key facts contained in the report:
  - online banking use has more than doubled, from 30 per cent of customers to 63 per cent in the decade to 2017;
  - in the five years from 2012 to 2017, the use of banking apps in the UK to access current accounts increased nearly threefold from 21 per cent to 61 per cent;
  - in total, banking app log-ins reached 159 per second in 2016, with a total of 19.6 million UK users;
  - digitisation in the insurance industry is also improving communication with customers, with automation enabling claim costs to be reduced by as much as 30 per cent.

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

- Coinciding with the AI sector deal (see above) announcement, the **House of Lords select committee on artificial intelligence** this month published its report [AI in the UK: ready, willing and able?](#) The committee concludes that the UK is in a strong position to be among the world leaders in the development of artificial intelligence during the 21st century.
- Defence secretary **Gavin Williamson** this month announced the launch of the **Submarine Delivery Agency (SDA)** in a move that signals the UK's commitment to a continuous-at-sea deterrent. The announcement comes after an extra £800m was secured by the **Ministry of Defence** – £600m of which will ensure the UK is protected by the new Dreadnought submarine fleet into the 2030s and beyond.

- **Science minister, Sam Gyimah** this month announced that the UK will continue to grow its already strong research partnership with India with tech-focused investments that focus on issues of global importance including agriculture, clean energy, global health and the environment. The expanded partnership will help the UK's ambition to be the world's most innovative nation through its industrial strategy, while ensuring UK and Indian researchers, innovators and institutions are combining knowledge and expertise to feed the world's hungry, protect the environment, save lives and drive economic inclusion.

Britain is established as India's *second largest* research partner, with joint investment between both countries in science and innovation having grown from almost nothing in 2008 to around £400m by 2021 – including over 200 individual projects, involving 175 different UK and Indian research institutions and more than 100 industry partners, funded in the last decade.

- Prior to his recent appointment as home secretary, **Sajid Javid** published a written [ministerial statement](#) on building safety (in his capacity as secretary of state for housing, communities and local government).
- The minister for implementation, **Oliver Dowden** this month announced new measures to make public procurement more transparent and ban slow paying contractors from public work. The measures were welcomed by the **Construction Industry Council**.
- The **House of Commons housing, communities and local government committee** published its [report](#) on the private rented sector. Among the committee's findings was that there is a clear power imbalance in the private rented sector, with tenants often unwilling to complain to landlords about the conditions in their homes for fear of retaliation.
- The **House of Commons public accounts committee** published its [report](#) on the 2017 cyber-attack on the NHS.
- The **House of Commons public accounts committee** also published a [report](#) on rail franchising in the UK.
- The **House of Lords science and technology committee** published its report [Life Sciences Industrial Strategy: Who's driving the bus?](#) on the life sciences industrial strategy.
- The **House of Commons public accounts committee** published its [report](#) on research and development across the government. The report highlights that although the government has already committed to spending an additional £7bn on research over five years, without more investment by the private sector there is a risk that the government may need to spend even more to meet its target. Research in the health sector is well-coordinated but the Department for Business, Energy and Industrial Strategy has not done enough to identify where other areas of research are lagging.
- The **House of Commons public accounts committee** also published a report on [Brexit and the Department for Business, Energy, and Industrial Strategy](#).

- The **Higher Education Policy Institute (HEPI)** published a briefing note [Benchmarking widening participation: how should we measure and report progress?](#) on equity and equality in higher education.
- The **Education Policy Institute (EPI)** and **Bertelsmann Stiftung** have published a joint report [Apprenticeship training in England – a cost-effective model for firms?](#) Among the findings of the report are that the chances for firms of breaking even at the end of the training period of an apprenticeship are highest for three-year programmes assuming that the apprentices are younger than 19.
- The **EPI** also published its report [Educational disadvantage: How does England compare?](#) studying the performance of disadvantaged pupils in England and the gap between those pupils and their peers – as well as comparing England's performance on both measures to other, developed countries.
- The **Open University (OU)** has published a [report](#) on the first year of the apprenticeship levy, welcoming the levy's intent to increase investment in skills and training, but making a number of recommendations for how it believes the levy could be improved.
 

The OU report highlights *Freedom of Information* data revealing that while more than 50,000 organisations across the UK have contributed to the apprenticeship levy since its introduction at a total cost of £1.8bn, organisations in England have only withdrawn £108m – just eight per cent of the £1.39bn they have paid in.
- **Reform** published its report [The great training robbery: assessing the first year of the apprenticeship levy](#) arguing that at present, the levy is too complicated for employers, focused on too many inappropriate forms of training and as a result is unlikely to deliver value-for-money.
- The **Organisation for Economic Cooperation and Development (OECD)** has published a [report](#) on vocational education and training focussing on the apprenticeship system in England. The study concludes that there is still some way to go to establish an apprenticeship system in England to match those of the strongest countries and suggests several ways in which reforms might be adapted to achieve higher quality and better outcomes.
 

"With an effective apprenticeship system involving various elements such as the development of the apprentice in the workplace by the employer and the broader education of young apprentices, the report argues that England should consider introducing *regulations and standards* to ensure that these elements are part of all apprenticeship programmes, and that the recently introduced apprenticeship levy supports high-quality training. In comparison to other countries, England has relatively few young apprentices and to that end the report suggests England could facilitate transition from school to work by making better use of apprenticeships targeting school leavers."
- The **British Chambers of Commerce (BCC)** published [research](#) on business preparation for Brexit showing that over a third (36 per cent) of traders rely on the just-in-time delivery of material and components, but that many are not preparing for changes to customs procedures after Brexit.
- The **Scottish Centre on European Relations** published a policy paper on Brexit, Scotland and Northern Ireland entitled [Comparing Political Dynamics and Prospects in the Two 'Remain' Areas](#).
- The **National Audit Office (NAO)** published its [first report](#) on the UK's financial settlement on leaving the European Union. Split into three sections (Part one: *why* the government agreed the financial settlement; part two: assessment of HM Treasury's estimate; and part three: implementation of the settlement) the report confirms the results of HM Treasury's internal modelling estimating the settlement value to be between **£35 billion to £39 billion**. [There are some other potential liabilities that the UK is exposed to that are not reflected in HM Treasury's published estimate as it has assessed that they are unlikely to result in payments.]
- The **NAO** published a report [Ensuring sufficient skilled military personnel](#) examining the ministry of defence's approach to developing the capability of its regular forces, and how it is adapting to meet new challenges created by the changing character of warfare.
- The **NAO** also published its report [Implementing the UK's exit from the European Union – The Foreign & Commonwealth Office](#) in which it sets out how the FCO is preparing to deliver an effective exit from the EU.
- The **Confederation of British Industry (CBI)** published its report [Smooth Operations: An A-Z of the EU rules that matter for the economy](#) on the costs and opportunities if the UK moves away from EU rules and regulations.
- The **Institute for Government** published its report [Devolution after Brexit: Managing the environment, agriculture and fisheries](#) setting out eight key challenges that need to be addressed if the UK and its constituent nations are to co-operate successfully once the UK leaves the EU.
- A group of UK universities has been awarded **£4.8m** from **Research England** to enhance research and innovation in the UK space industry. Comprised of the Universities of Leicester, Southampton, Surrey, Edinburgh and the Open University, the **Space Research and Innovation Network for Technology (SPRINT)** has received a **£4.8m Connecting Capability Fund (CCF)** grant.
- **Cicero Group and Innovate Finance** published [FinTech Nation 2018](#) – a collection of essays and viewpoints from "some of FinTech's brightest innovators and leading influencers".
- Former energy minister, the **Rt Hon Sir Michael Fallon MP** recommended that the government establish a new 60 per cent UK content target for British offshore wind projects in his report, [Winning Locally, Going Global](#) published this month.
 

As the current 50 per cent target is close to being met by some wind farm developers, Sir Michael now wants the higher target to be set for the remaining £550m spend to 2025.
- **Audit Scotland** published its [report](#) on performance in Scottish local government on behalf of the accounts commission.
- The **Energy and Climate Intelligence Unit** published a report [Repower to the people: How upgrading the UK's old onshore wind fleet can cut carbon, reduce bills and support local communities](#) arguing that repowering UK onshore wind farms as they reach the end of their scheduled operating lives would be a highly cost-effective way to increase generation of cheap, low-carbon electricity.

- **Biofuelwatch** published a [report](#) calling into question the plans revealed last winter for Uskmouth power station, Newport. The research appears to undermine the credibility of the claims to convert the former coal station to run on burning waste, and raises the alarm about the alternatives that SIMEC Atlantis may be considering.
- **AXA Business Insurance** published the results of a [national survey](#) of 8,500 people showing that the UK has a population of seven million latent entrepreneurs, who have advanced plans for a business but are being held back from launching. Six in 10 of these budding entrepreneurs said they needed to acquire crucial skills or training before they could set up.
- The **National Institute of Economic and Social Research** published its report on low paid sector productivity in the UK entitled [Productivity in the UK's low-wage industries](#) assessing the productivity performance of sectors such as retail, social care, and food processing in the UK against the performance of the same sectors in other countries.
- Oxfordshire-based **Reaction Engines** this month secured a further £26.5m to support the development of **SABRE** – a revolutionary new class of aerospace engine combining jet and rocket technologies. The government has previously committed £60m funding via the *UK Space Agency* and the *European Space Agency* to support the development of the project.

The new strategic investors in Reaction Engines are Boeing HorizonX Ventures, the investment arm of the world's largest aerospace company Boeing, and Rolls-Royce. They join BAE Systems, which invested £20.6m in Reaction Engines in 2015, as well as financial investors Baillie Gifford Asset Management and Woodford Investment Management. Together these investments take the total raised by Reaction Engines in the last three years to over £100m.

- The **Resolution Foundation** published its report [Home Improvements: Action to address the housing challenges faced by young people](#) exploring the action that is required to make good the housing experience of younger generations both today and in years to come. "The report proposes that in the short-term, dealing with the intergenerational housing challenge requires reform of the private rented sector (PRS). In the medium term, it means taking action to rebalance housing demand rather than simply stoking it, levelling the playing field between old and young rather than pushing up prices further. Over the longer term, it means accepting it will be a long haul to increase supply, and that both the private and public sector need to build more homes."
- **EEF**, the manufacturers' organisation published a [report](#) on cyber security and risk management – showing that 50 per cent of UK manufacturers have been the victim of cyber-crime.
- The **Institute of Economic Affairs** published a [briefing](#) on the GKN/Melrose takeover.

## Reports, publications, and activity from the world of project management: March/April 2018

- Applications are still [being accepted](#) for the **IPMA global research awards**.
- Apply [here](#) to attend the second **IPMA Diversity in Project Management Conference**.
- The **Algerian Project Management Association (APMA)** organised its fourth national conference at the end of April – with the title *Project Management as a leverage to overcome economic crises*. The conference attracted over 150 delegates.
- Register [here](#) for **PMI's EMEA Congress** taking place from 7–9 May in Berlin, Germany.
- [Find out more](#) about **MPA's** half-day seminar *How do SME's get involved in major projects?* taking place in London on 16 May 2018.

### APM events/research and policy outputs:

- **APM** published the 10th and final paper in its Road to Chartered series, entitled [APM as a chartered body: Supporting the journey of chartered project professionals](#). This following the ninth paper [Joining the dance? Creating an inclusive profession](#) – also recently published.
- **APM's Annual Conference 2018** took place on the 25 April in Methodist central hall, Westminster.
- **APM** published its [2018 Salary and market trends report](#).
- As part of a collaboration between **APM** and the **Institute for Government (IfG)**, a panel event on [How to be an effective infrastructure minister](#) took place on the 24 April.
- **APM** published its latest **APM Research Fund study** [Systems thinking: How is it used in project management?](#) by Dr Michael Emes of UCL.
- The first ever **APM Research Symposium** took place on 10 April as a collaboration between the North-West Branch, **Liverpool Business School** and **APM research**. The event sought to bring together practitioners, academics and students to explore and discuss some of the research currently being undertaken and how best bridge the gap between theory and practice. [Click here](#) to read the news story for more information on this.
- Two [APM Research Summaries](#) were published in this period including, *The unsettling of 'settled science': The past and future of the management of projects*.
- **APM** supported the recent **Institute of Leadership & Management** research report entitled [Leadership redeployed](#).

## APM forthcoming:

- The *APM Awards 2018* – sponsored by **RPC UK Ltd** – are now open for [submissions](#).
- **APM** and the **Institute for Government** will publish a joint report in May drawing upon the findings of the recent [panel debate](#), existing IfG infrastructure research and the *Ministers Reflect* series, to provide recommendations on how to be an effective infrastructure minister.
- **APM** will publish its latest policy briefing on the *National Infrastructure Commission*.