

MONTHLY MONITOR



December 2017

SUMMARY

- + The autumn budget 2017
- + The industrial strategy white paper
 - Apprenticeships update
 - Reports and publications
 - APM forthcoming

The autumn budget 2017

The chancellor Philip Hammond knew that this was a budget that could “make or break” his political career – with his tenure at the Treasury under threat should he strike the wrong balance. Divisions within the Conservative party – particularly between those supporting and those opposing Brexit – only served to further intensify pressure.

In his first financial statement since June’s snap election, Mr Hammond looked to strike an upbeat tone as he promised to “embrace change, to meet challenges head on, and to seize the opportunities for Britain.” Setting out his vision for a global Britain supported by a “prosperous and inclusive economy”, the Chancellor attempted to depict Britain as a nation at the forefront of a technological revolution.

The autumn budget 2017 – transport and infrastructure:

In the autumn budget 2017 the chancellor made an assortment of commitments to the different regions of the UK relating to *transport and infrastructure*. These focussed on: the metro mayoral regions; the northern powerhouse; the Midlands engine; and the Cambridge – Milton Keynes – Oxford corridor.

Key headlines:

- The chancellor announced the creation of a £1.7bn *transforming cities fund*, aimed at improving local transport connections and also backed the National Infrastructure Commission’s recommendations in relation to the Cambridge – Milton Keynes – Oxford corridor, which will include transport infrastructure improvements.
- The chancellor announced additional funding for electric vehicles – focussing on promoting the availability of charging infrastructure and increasing consumer uptake.

- Despite faint hopes of a decrease in *air passenger duty*, optimist’s hopes were dashed, with a freeze announced on the duty for economy passengers (the chancellor stated the shortfall would be made up by increasing the duty on premium fares and private jets).
- Regarding rail infrastructure projects, the chancellor’s commitments were limited to assisting a litany of proposed projects at their embryonic stages.

New action and reviews: (para reference below to HM Treasury ‘red book’)

- From April 2018, there will be no benefit in kind charge on electricity that employers provide to charge employees’ electric vehicles (3.13).
- Fuel duty frozen for an eighth year in 2018–19 (3.40).
- Government will review whether the existing fuel duty rates for alternatives to diesel are appropriate ahead of the 2018 budget (3.41).
- A vehicle excise duty (VED) supplement will apply to new diesel cars first registered from 1 April 2018 to help fund a clean air fund (3.42).
- A rise in the existing company car tax diesel supplement from three per cent to four per cent will come into effect from 6 April 2018 to help fund a clean air fund (3.42).
- Vehicle excise duty (VED) will increase in line with RPI from 1 April 2018 for cars, vans and motorcycles registered before April 2017 (3.43).
- The VED for heavy good vehicles and road user levy rates will be frozen from 1 April 2018 (3.43).
- From April 2019, zero emission taxis will be exempt from VED (3.43).
- The fuel benefit charge will increase by RPI from 6 April 2018 (3.44).
- An investment of an additional £45m in 2017–18 to tackle 900,000 potholes in England (4.43).
- A review into consumer protection in the event of an airline or travel company failure will be launched (4.38).
- Short-haul APD rates for 2019–20 will remain frozen as they have been since 2012 (3.45).
- A new national infrastructure commission (NIC) study on the *future of freight infrastructure* to be published in spring 2019. The study will look at urban congestion, decarbonisation and harnessing the potential of new technologies (4.45).

- The introduction of a new railcard for ages 26–30 and work with industry to extend benefits to 16–30-year olds (4.46).
- A further investment of £160m from the NPIF into new 5G infrastructure – with £10m to create facilities where the security of 5G networks can be tested and proven, working with the National Cyber Security Centre with £5m for an initial trial, starting in 2018, to test 5G applications and deployment on roads (4.47).
- A new £190m challenge fund that local areas around the country will bid for to encourage faster rollout of full-fibre networks by industry. 100 schools around the country the first to benefit, with a pilot starting in the East Midlands in early 2018 (4.48).
- Department for Transport, the Department of Health, the Department for Education, the Ministry of Justice, and the Ministry of Defence will adopt a presumption in favour of offsite construction by 2019, across suitable capital programmes, where it represents best value for money (4.52).
- The Infrastructure and Projects Authority will publish an update to the National Infrastructure and Construction Pipeline in December 2017. This will set out a 10-year projection of public and private investment in infrastructure of around £600bn (4.53).
- Key elements of the expressway between Cambridge and Oxford will begin (in the second roads investment strategy). The government will also accelerate work on the 'missing link' elements of the expressway so that it is ready to open by 2030 (4.68).
- Government recommitted to working with Transport for London on developing fair and affordable plans for Crossrail 2, including through an independent review of funding and financing (4.72).
- Sir John Armit announced as chair of the *Thames Estuary 2050 Growth Commission* which will publish its final report by spring 2018 (4.73).
- The rural fuel duty rebate scheme for the Scottish islands will be extended until 2023 (4.91).
- Investment in upgrades that will provide direct services from Pembroke Dock to London via Carmarthen on new, state-of-the-art intercity express trains (4.92).

What others said about the autumn budget 2017:

The Federation of Small Businesses (FSB), response:

- "Overall, this is a business-friendly budget. The chancellor's vision for an inclusive economy includes a set of measures that will boost confidence across the small business community as they face extremely challenging trading conditions."
- "1.5 million modest-earning small firms and the self-employed will be relieved that we have seen off a VAT tax grab that would have caused huge economic damage. Instead, FSB is ready to work with the Treasury to simplify an over-complicated tax that on average takes a business a whole week to administer every year."

The Confederation of British Industry (CBI) response:

- "Against a sombre economic backdrop, the chancellor today gripped the steering wheel on the UK economy. This is a budget that balances support for people on squeezed incomes with vital action to help grow the UK out of austerity. But delivery is everything."
- "Action on business rates, R&D tax credits, the national productivity investment fund and Brexit planning will help firms to invest and grow today against an uncertain Brexit backdrop."
- "It was good to see focused investment in the long-term drivers of growth that underpin sustainable prosperity. Building a skills system that supports the fourth industrial revolution is the right ambition, but the approach needs to be joined-up with the national retraining partnership delivering a stable approach and apprenticeship levy flexibility."

The Railway Industry Association response:

- "It is positive news that today, on Budget Day, we can applaud the Treasury's decision to allow Network Rail to allocate an additional £200m to spend on renewals in CP5. This would not have happened if the rail sector had not made the case for funding the CP5 shortfall up to March 2019, and it will certainly go some way to helping deliver a better railway, which is not only good for the rail supply sector, but also the government, the taxpayer and the travelling public."

Read the chancellor's statement in full [here](#)
HM Treasury '[red book](#)'

The industrial strategy white paper:

Almost a decade after the global financial crisis, and in the wake of the Brexit vote, business leaders, policy-makers, and politicians have grown increasingly vocal about the need for new economic thinking if the UK is to overcome its problems of stagnant productivity and gross regional disparities in economic performance.

In July 2016, shortly after becoming prime minister, Theresa May established the Department for Business, Energy and Industrial Strategy (BEIS) and in January 2017 the government published a green paper on industrial strategy *Building Our Industrial Strategy*. Seen as a natural extension of the *Fixing the Foundations* report (HM Treasury, 2015). The subsequent consultation on the green paper received 2,000 formal responses – among them APM's own [response](#) on behalf of the project profession – with many thousand more contributions received by the Department through its UK-wide programme of engagement. A period of silence ensued as responses were considered and a snap general election was called.

The industrial strategy white paper provides a policy framework against which major private and public sector investment decisions can be made. It is a strategy that government says "is being implemented with, not just for, British enterprise – with the full involvement of innovators, investors, job creators, workers and consumers in England, Scotland, Wales and Northern Ireland." It is also a strategy that recognises the devolution settlements of Scotland, Wales and Northern Ireland. Indeed with many of the policies that can drive productivity being devolved, it is a strategy that necessarily brings the government's work together with that of the devolved administrations.

The consultation on the industrial strategy green paper reinforced the importance of **five foundations** of productivity – the essential attributes of every successful economy.

"Our five foundations align to our vision for a transformed economy"



Industrial strategy white paper, November 2017

The five foundations align to the government's vision for a transformed economy – a transformation that is "already taking place and will accelerate over the course of the coming decades".

Through the consultation process the government also identified four "Grand Challenges"

"We will set Grand Challenges to put the United Kingdom at the forefront of the industries of the future:"

<p>AI & data economy</p> <p>We will put the UK at the forefront of the artificial intelligence and data revolution</p>	<p>Clean growth</p> <p>We will maximise the advantages for the UK industry from the global shift to clean growth</p>
<p>Future of mobility</p> <p>We will become a world leader in the way people, goods and services move</p>	<p>Ageing society</p> <p>We will harness the power of innovation to help meet the needs of an ageing society</p>

Industrial strategy white paper, November 2017

Industrial strategy white paper – headline policies:

- Creation of an independent **Industrial Strategy Council** that will assess the progress of the industrial strategy and make recommendations to the government.

Ideas (as per the autumn budget 2017):

- Raise total research and development (R&D) investment to 2.4 per cent of GDP by 2027.
- Increase the rate of R&D tax credit to 12 per cent.
- Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation.

People

- Establish a technical education system rivalling the best in the world to stand alongside our world-class higher education system.
- Invest an additional £406m in maths, digital and technical education, helping to address the shortage of science, technology, engineering and maths (STEM) skills.
- Create a new national retraining partnership in collaboration with the TUC and CBI that supports people to re-skill – beginning with a £64m investment for digital and construction training.

Infrastructure

- Increase the national productivity investment fund to £31bn, supporting investments in *transport, housing and digital infrastructure*.
- Support electric vehicles through £400m charging infrastructure investment and an extra £100m to extend the plug-in car grant.
- Boost digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll out of full-fibre networks.

Business environment

- Launch and roll-out *sector deals* – partnerships between government and industry aiming to increase sector productivity. The first sector deals are in life sciences, construction, artificial intelligence and the automotive sector.
- Drive £20bn of investment in innovative and high potential businesses, including through establishing a new £2.5bn Investment Fund, incubated in the British Business Bank.
- Launch a review of the actions that could be most effective in improving the productivity and growth of small and medium-sized businesses, including how to address what has been called the 'long tail' of lower productivity firms.

Places

- Agree local industrial strategies that build on local strengths and deliver on economic opportunities.
- Create a new transforming cities fund that will provide £1.7bn for intra-city transport. This will fund projects that drive productivity by improving connections within city regions.
- Provide £42m to pilot a teacher development premium. This will test the impact of a £1,000 budget for high quality professional development for teachers working in areas that have fallen behind.

What others said about the white paper:

The Labour party:

"After the budget last week, the government's economic credibility has been shot to pieces. This white paper falls far short of the change of direction needed to improve our dire productivity, income and GDP growth. Labour's industrial strategy set out a radical programme of investment and genuine partnership between industry and government, to build an economy for the many, not just the few."

The Institute of Directors:

- "Business leaders will welcome the government's grand ambition to turn around the UK's woeful productivity performance. The measures in today's industrial strategy could be the beginning of a bold, new approach to the economy, but only if what has been announced today is followed through, not just in this parliament, but over many parliaments to come."

The Confederation of British Industry:

- "Nine in 10 firms see a modern industrial strategy as vital to improving living standards in the face of Brexit uncertainty and a sombre economic outlook. This announcement shows the government has its eye firmly on the horizon, not just the next few yards. We welcome the recognition that success will require urgent action in partnership with business. This is the route to raising living standards in every corner of the country."

- "The CBI urges the government to continue on this road, moving fast from strategy to action. Two important tests of success will be that all regions and nations have successful industrial strategies, and that it is supported and not harmed by Brexit. There must be no missed turns on the path to UK 2030."

Resolution Foundation:

- "A key new strand to today's strategy is the welcome focus on tackling the output gap between different parts of the UK, with new powers for metro mayors to support job creation and stronger pay growth in Britain's major cities."

- "Industrial strategies inevitably focus on exciting new industries, such as AI and life sciences. But to be truly transformative for living standards, this new strategy needs to focus more on lower paying sectors such as retail, which employs three million people."

The Nuclear Industry Association:

- "As we build new capacity to replace retiring power stations, and decommission old ones, the UK is well placed to develop supply chains, skills and international opportunities for the long term. Industry has made significant progress with government towards agreeing a sector deal which will maximise those opportunities and help improve productivity, foster innovation and reduce cost."

techUK:

- "The government is right to stress that the success of every industrial sector and every business in the UK will depend upon their approach to digital innovation. Digital tech is the golden thread that runs throughout the white paper including every sector deal."

University Alliance:

- "To deliver a prestigious system of technical education the government must build on universities' strengths in providing world-class professional and technical qualifications at degree and postgraduate level. This will ensure we develop the right mix of skills the country needs to meet the ambitions the government has set out today."

Read the industrial strategy white paper [here](#)

Read APM's briefing paper on the industrial strategy white paper [here](#)

Read about the construction sector deal [here](#)

Apprenticeships update:

- The number of workers starting apprenticeships has fallen by 59 per cent since the government introduced the *apprenticeship levy* earlier this year. Companies have to pay a 0.5 per cent levy on their annual pay bill exceeding £3m, with the money going into a digital account that can be spent on training and assessing apprentices. For levy-paying firms, the government will top up this fund by 10 per cent, while for non-levy paying firms, it covers 90 per cent of the cost of training [for more information see APM *apprenticeships employer guide* [here](#)].
- The levy was intended to raise £2.5bn a year for training, and increase the number of people training at work. However, new figures from the Department for Education have revealed that only 48,000 people started an apprenticeship in the last three months of the 2017 academic year (compared to 117,000 for the same period in 2016).
- The levy was part of a raft of new rules around apprenticeships, including stricter rules such as a requirement to release apprentices for one day a week of off-site training. This has added to costs, and is thought to be one of the reasons for the fall.
- The government wants three million people a year to be starting apprenticeships by 2020 to address the country's skills shortage. The total for 2017 was 494,000, a 2.8 per cent fall.
- On Thursday 30 November the government launched its [consultation](#) on *Implementation of T-level programmes* – with government seeking views on the development of new T-level programmes and how they should be designed to implement the Sainsbury panel's recommendations. The [consultation](#) closes on 8 February 2018.
- The Department for Education (DfE) announced its intention to conduct a review into higher level technical education looking across Level 4 and 5 education, focusing on how technical qualifications at this level can better address the needs of learners and employers. This includes ensuring that learners can progress from the government's new T-Levels, and other full-time education, into the workplace. It will also consider how these qualifications work for those in the workforce looking to upskill or retrain. Stakeholders can engage with the Department for Education by contacting Level4-5.Team@education.gov.uk.
- The Institute for Apprenticeships announced full membership of its [15 different industry route panels](#) – with 94 leaders and experts from a range of industrial and private-sector backgrounds to play a fundamental role in determining the development of apprenticeships within their sector. This number includes the 15 route panel chairs announced in April.

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

- The Commons **public accounts committee** published its [report](#) on Hinckley Point C.
- The **National Audit Office** (NAO) published an [update](#) on the Thameslink programme as well as a [report](#) entitled *Implementing the UK's exit from the European Union* detailing how the Infrastructure and Projects Authority (IPA) is assisting government departments as they initiate and deliver projects to implement exiting from the European Union.

Facts from the report:

 - An estimated 250–400 extra project managers are likely to be needed next year to deal with Brexit-related projects.
 - 10 out of the existing 138 major projects are assessed to be impacted by Brexit.
 - 15 work stream reviews currently underway by IPA of high priority work related to EU-exit.
- The **Department for Transport** published a [report](#) on High Speed 2 (HS2) entitled *Getting the best out of Britain*.
- **Innovate UK** [announced](#) an additional £30m of funding for Knowledge Transfer Partnerships (KTPs), which connect UK businesses with an academic or research organisation and qualified graduate to work on innovation projects.
- The **Construction Industry Training Board** (CITB) has [responded](#) to industry and government's calls for reform following the publication of the government's [Industry Training Board Review](#) in addition to publishing a report on careers in construction.
- The **Treasury Committee** has launched a [new inquiry](#) into household finances taking a broad look at the state of UK household balance sheets – including whether households are saving adequately in the current economic environment. It will scrutinise problematic indebtedness, inter-generational issues, lifetime financial planning, and the effectiveness of the market in financing solutions and products to low income households.
- The Institute for Public Policy Research north (IPPR) published a [report](#) on the state of the north entitled *State of the North 2017 – The Millennial Powerhouse*.
- The [Made Smarter Review 2017](#) is a government-commissioned review on industrial digitalisation aiming to create a set of proposals “that will equip the UK with the means to fully embrace the next industrial revolution.” Industrial digitalisation is a huge opportunity for UK industry and the wider economy but the technologies that underpin it are also highly disruptive, requiring business to be innovative, agile and adaptable. The review states the importance of partnership between industry and government to provide the infrastructure and ecosystems that can enable manufacturing businesses and their supply chains to maximise these opportunities and be competitive.
- The **Higher Education Policy Institute** (HEPI) published a [report](#) on research and development funding.
- The **Education Policy Institute** (EPI) published its report [Educating for Our Economic Future](#) in partnership with Pearson. This is the second report from an independent advisory group on skills chaired by Sir Roy Anderson.
- The **Pensions Policy Institute** (PPI) published a [report](#) on asset pooling.
- The **Resolution Foundation** (RF) published its report [Universal Remedy – Ensuring Universal Credit is fit for purpose](#).
- The **Industrial Strategy Commission** launched its final report in early November in anticipation of the government's industrial strategy white paper.
- **RAC** published its 2017 [Report on Motoring – Feeling the squeeze](#) which covers a wide range of subjects from perennial hot topics such as fuel prices and speed limits, to more contemporary issues like handheld mobile phone use and the perceived impact of diesels on air quality.
- The **Confederation of British Industry** (CBI) published [results](#) of its SME trends survey showing mixed fortunes among smaller manufacturers. While growth in new orders has held up and headcount has risen strongly, output growth has lost some steam over the last quarter.
- **ResPublica** published the [report](#) *Expanding Horizons: The Role for New Nuclear in the UK's Energy Mix*. The report makes the case for new nuclear as a significant part of the wider solution to closing the energy gap and why it is vital to our aspiration for a sustainable, low carbon, and secure energy mix alongside renewables.
- The **Royal Institution of Chartered Surveyors** (RICS) published the [Q3 results](#) of its UK construction and infrastructure market survey – with latest figures showing that construction and infrastructure continued to rise in Q3 2017. While activity remains steady, however, comments left by respondents continue to highlight Brexit-related uncertainties as weighing on investment decisions and the lack of sufficiently skilled workers also remains an obstacle for many businesses.
- The **Institute for Economic Affairs** (IEA) published a [report](#) on e-cigarettes and vaping entitled *VAPING SOLUTIONS – An easy Brexit win*.
- The **Higher Education Academy** has published a [report](#) on teaching excellence and the teaching excellence framework (TEF). As part of the Teaching Excellence Framework (TEF) year two, participating providers were asked to submit a written narrative of up to 15 pages to be considered alongside their TEF metrics. These provider submissions were meant to present a case for excellence and to demonstrate the impact and effectiveness of teaching on the student experience and outcomes they achieve. As such, the submissions provide a rich source of evidence for both teaching excellence and impact evaluation practice.
- The **Centre for Policy Studies** published a [report](#) on automation in the workplace *Why Britain Needs More Robots* in addition to a [report](#) on productivity.
- The **Institute for Fiscal Studies** (IFS) published a [report](#) on poverty and living standards.

- **Independent Age** and the **Institute and Faculty of Actuaries** have published a [report](#) on social care.
- The manufacturers' organisation **EEF** celebrated *Tomorrow's Engineers Week* – a week dedicated to inspiring the UK's next generation of engineers and encouraging young people into the profession to plug the skills gap in some of Britain's biggest companies.
- **EEF** and **Santander** published the [results](#) of a survey on industrial manufacturing productivity in the UK.
- The **Federation of Master Builders** published Q3 [research](#) on the construction industry showing that workloads grew in every region and nation of the UK.
- **Policy Exchange** published its [report](#) *Global Britain, Global Solutions: How British R&D can transform international development on overseas aid*.
- The **London Assembly Regeneration Committee** published a [report](#) on the legacy of the 2012 Olympic games entitled *Relighting the torch: securing the Olympic legacy*.
- Energy industry stakeholders will have the opportunity to play a vital role in shaping the future of energy innovation in the UK, with the launch of a [consultation](#) on Energy Networks Association's draft *Gas Network Innovation Strategy*. The consultation will run from **1 November 2017** until **22 December 2017**.

The *Gas Network Innovation Strategy* sets out the challenges and the opportunities facing the gas transmission and distribution networks as the UK looks to decarbonise its energy system to meet climate change targets.

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

- Forth replacement crossing employer's delivery team, **Transport Scotland** were the winners of the [2017 Civil Service Award](#) for project delivery excellence.
- PMI published a thought leadership [study](#) with KPMG on *Achieving greater agility: The vital role of culture and commitment*.
- [ICCPM chair appointment and board changes](#).
- The fifth [IPMA research conference](#) took place in early November in South Korea.
- Call for papers – **European Academy of Management (EURAM) 2018 SIG 10: Project Organising (PO)**. The call for papers for the Project Organising SIG of EURAM 2018 is now open until January 2018.
- The **EURAM 2018** conference held in Reykjavik from 20–23 June 2018 will also include a new project management track entitled *Projects and Society*.

APM events/research and policy outputs:

- **APM** published a thought leadership [opinion piece](#) on climate change entitled *Climate Change and what the project profession should be doing about it: a UK perspective* by Professor Peter Morris
- **APM** published its [policy briefing](#) on the industrial strategy white paper
- The APM Awards ceremony was held on Monday 20 November 2017 at Old Billingsgate. The awards recognise the very best the profession has to offer – from aspiring young project managers to experienced project professionals managing complex projects and programmes both in the UK and overseas. This year there was a broader choice of categories in order to give a wider range of projects, programmes and professionals from diverse sectors the opportunity to enter and display their achievements. For a full list of winners, see [here](#)
- **Developing the next generation of major project leaders** – a collaborative event between the Major Projects Association and APM – took place on the 8 November 2017. For event highlights, see [here](#)
- **APM sponsored event: Putting social science into project management** - APM supported an event led by Bournemouth University as part of the Economic and Social Research Council (ESRC) Festival for Social Science entitled *Putting social science into project management*. The event on 9 November focused on the people and behavioural elements of project management with more information around outputs available [here](#).
- The **APM Research Fund** call for funding opened on 30 October 2017 and runs until 5 February 2018 for submissions. Please [click here](#) for more information.

APM forthcoming:

- **APM** will publish its policy briefing on Brexit on Monday 18 December.
- Dr Rebecca Casey, Lecturer in Newcastle University Business School, is to work with APM and lead on a [project](#) to inform and develop the adoption of benefit realisation management among the project management community.
- APM Research Fund study on governance seeks additional participants. If you would like to learn more or get involved please [visit here](#)