6th May 2016

Business, Innovation and Skills Select Committee
House of Commons
London
SW1A 0AA

Dear Sir/Madam,

The Business, Innovation and Skills Select Committee’s consultation on “Powerhouses and engines: Government policy and regional growth inquiry”

In response to your call for evidence, we would like to submit the below comments. This response has been compiled on behalf of the IET Board of Trustees by the IET’s Manufacturing Policy Panel. The Panel consists of senior representatives from manufacturing industry, academia and SMEs.

We believe initiatives such as the "Northern Powerhouse" and "Midlands Engine" bring into focus the manufacturing potential of these regions and promote the value they bring to the economy. Without these labels and identity there is little chance of co-ordinated action, either across government departments, or within businesses across the regions themselves. There is broad recognition that economic growth and opportunity is very unevenly distributed between the North and South, and labels such as "Northern Powerhouse" and “Midlands Engine” focus the attention of enquiri'es on the development of these initiatives.

The evidence of success of these initiatives is yet to be seen, the real test is the quality and quantity of how these labels help to convene different stakeholders. But there needs to be a clear strategy on how these initiatives will help businesses once they have become involved.

With government creating these initiatives, there is an excellent opportunity to highlight the central and coordinative importance of an Industrial Strategy to the successful delivery of these projects. The absence of a coherent and joined up strategy will stymie the delivery of these initiatives, even if the existence of these labels indicate a strong desire from government to tilt the emphasis away from London and the South.

The Department for Business, Innovation and Skill can play a leading role by providing the superstructure that is a national industrial strategy, within which the regions have the freedom and resources to deploy to deliver the Powerhouse and Engine.
An industrial strategy must be centralised at a national level to avoid duplication and overlap in the regions. The IET has produced a briefing document on the key characteristic of a successful strategy from an engineering point of view. *Engineering an industrial strategy* notes:

- A strategy should be developed before industrial policy decisions are taken.
- This strategic vision should be backed up by sound and accessible analysis, so that all actors can take decisions based on the facts.
- A long term approach should be taken, with milestones to serve as review points.
- At these points industry and government can assess next steps.¹

Having a unified strategy will also enable a clear vision on the government’s energy and procurement strategy for UK manufacturing. Industry recognises that these are barriers to growth that require a review of centralised manufacturing policy. With leadership, long-term vision and strategy there is a transformative opportunity here.

The Institution of Engineering and Technology is Europe's largest professional engineering and technology organisation. The members represent a wide range of expertise, from technical experts to business leaders, encompassing a wealth of professional experience and knowledge. The IET can provide detailed evidence from manufacturers on this topic or any of the other challenges the industry faces, please let us know if you are interested to hear more.

If the IET can be of any further assistance please do not hesitate to contact me.

Yours faithfully,

Paul Davies
Head of Policy

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