

Business and Trade Committee

Oral evidence: Industrial Strategy, HC 121

Tuesday 8 September 2026

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Watch the meeting

Members present: Liam Byrne (Chair); Antonia Bance; Chris Bloore; John Cooper; Sarah Edwards; Alison Griffiths; Leigh Ingham; Charlie Maynard; Mr Joshua Reynolds.

Questions 987 - 1035

Witnesses

- Blair McDougall, Parliamentary Under-Secretary of State (Minister for Reindustrialisation), Department for Business, Innovation, Science and Trade and Department for Energy Security and Net Zero;
- Kalada Bruce-Jaja, Director of Industrial Strategy, Department for Business, Innovation, Science and Trade;
- Darren Goff, Deputy Director, Automotive, Department for Business, Innovation, Science and Trade.

Examination of witnesses

Witnesses: Blair McDougall, Kalada Bruce-Jaja and Darren Goff.

Q987 **Chair:** Welcome to the final panel of today's scrutiny session on industrial policy. Blair McDougall, thank you very much indeed for joining us. Congratulations on the reappointment to your role and the new responsibilities with which you have been blessed on behalf of His Majesty's Government. You have brought some officials with you. Thank you very much indeed. Do you want to kick us off, Mr McDougall, by telling us just what reindustrialisation actually means?

Blair McDougall: The Prime Minister, when he talked about reindustrialisation, spoke about creating cutting-edge manufacturing and services where the use of technology enabled us to export to the world. I would expand on that by saying that I think it is about maximising tradeable sectors in every part of the country through innovation. That, in turn, builds wealth in communities, creates more large companies and provides secure jobs and the pathways for young people for the future.

I recognise that reindustrialisation has been characterised a little bit as being perhaps nostalgic or backward-looking, and I think it is important to say that that is very much not the case. This is about the industries of the future, but what I think it does recognise is that those old traditional primes that dominated whole regions and communities not only provided a sense of economic purpose to people; they provided a sense of community and identity to them, and that spilled over into the wider cohesion of society and community. That is where I think reindustrialisation, while primarily being economic, has those wider—

Q988 **Chair:** So it does not necessarily mean manufacturing.

Blair McDougall: No, absolutely not. It means increasing the amount of production, certainly. It means increasing the amount of productivity, but it means both manufacturing and services.

Q989 **Chair:** We had this conversation with President Trump's advisers at the beginning of his tenure, because they, too, talked a lot about manufacturing, and we were unsure whether that meant manufacturing output rising as a fraction of GDP, manufacturing exports, manufacturing jobs, or the manufacturing share of the economy. What are the metrics that we are going to need to use to judge whether your reindustrialisation drive has been a success?

Blair McDougall: I would point to the metrics we are already reporting on as part of the industrial strategy, looking at business investment, GVA, the value of exports, labour market outcomes, both in terms of the number of jobs and productivity, and the number of larger home-grown businesses. Where I think the focus on place from the new Prime Minister is important is that it places on top of what we have been measuring already a responsibility to look at those measurements through the prism of geography and place as well in a more mindful way.

Q990 **Chair:** Every postcode, so to speak. You have given us about five different

metrics there and then added a sixth one of place on top, but these are metrics associated with tradeable businesses, not manufacturing businesses. Is that how I should be thinking about this?

Blair McDougall: I am not sure in which way they are not applicable to manufacturing businesses.

Q991 **Chair:** Well, you are suggesting that the definition goes broader than simply manufacturing.

Blair McDougall: Yes, manufacturing and services. For example, creating more larger businesses would obviously include the large service businesses that we are creating in the UK as well.

Q992 **Chair:** That does not sound like reindustrialisation; that just sounds like economic growth. Is reindustrialisation effectively a synonym for economic growth?

Blair McDougall: No, I don't think so. I think it is a recognition that you want to have high-quality jobs that are productive, not just any employment.

Q993 **Chair:** Would a high-quality call centre count?

Blair McDougall: I think you could have high-quality call centres that were adding value, certainly, and I would not wish to denigrate the work that people do—that kind of customer service work is incredibly important.

Q994 **Chair:** No, but I am just wondering whether that is inside your definition of reindustrialisation.

Blair McDougall: Well, what we are aiming for is, as I say, jobs with an element of innovation behind them—new industries with an element of innovation behind them.

Q995 **Chair:** What about a call centre using AI? Is that reindustrialisation?

Blair McDougall: You have pointed to a tension in the modern economy. Sometimes investment and innovation will give you productivity gains but not necessarily employment gains. We have seen that today a little bit with Jaguar Land Rover. We would acknowledge that tension. What we are aiming for within the IS-8 is those higher-value jobs that we are pushing for.

Q996 **Chair:** We obviously had a blow to the reindustrialisation drive yesterday, in particular in the region of the west midlands. Do you think there are lessons to learn from JLR's 4,000 redundancies programme, for the development of your reindustrialisation policy?

Blair McDougall: I think there are. We are ahead of some of the lessons. I would point out that the very difficult situation that JLR finds itself in is to do with global factors, such as difficulties with markets, global instability, and the challenges of adapting to the complications and costs of EV manufacturing. Those are exactly the reasons why, through DRIVE35 and EV purchasing incentives, we are trying to get ahead of it.



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We have been in constant contact with JLR over the past couple of days, to find out exactly what lessons we can learn from this.

Q997 **Chair:** The mayor has put £500,000 on the table to help those people get back to work if they have been affected. Are you prepared to help the mayor go further, if more help is needed?

Blair McDougall: Yes. We are talking to the mayor and local authorities about that. As asks come, we will look at them in terms of funding. I would also point, for example, to the £380 million put into Agratas. We are already investing heavily into JLR and its supply chain to help them become more productive and resilient in this very tough international environment.

Q998 **Chair:** JLR has not really talked about the cost base in the UK. It has talked about cyber-attacks, quotas, China and EVs, but the Chancellor has talked about costs. He has said that the cost to make or build anything here has soared. He highlighted energy, regulation, labour costs and planning constraints. If we are looking at the menu of costs that the Chancellor highlighted, which of those is going to be lower next year for business?

Blair McDougall: Energy costs will certainly be lower. Next month, we will open applications for BICS, which for those 10,000 manufacturers will lower energy costs by about 25%. The planning changes that we are making, partly through the legislation that has already gone through and also the mood music of going further, will make things cheaper and quicker. In the Chancellor's speech yesterday, the legislation on sandboxing I was working on before the change in portfolios will make it cheaper and easier for innovative companies to get on with inventing and creating new industries in this country.

Q999 **Chair:** Regulation?

Blair McDougall: Sandboxing, yes, within regulation.

Q1000 **Chair:** It is a big, bold target to cut regulation, which I have to say I do not understand, because it says something like, "We are going to reduce regulation by 25% or something."

Blair McDougall: It is reducing the administrative burden of regulation by 25%.

Q1001 **Chair:** Is that the same as reducing the cost by 25%?

Blair McDougall: It is reducing the cost of the regulatory and administrative burden. We define it like that because we are not looking to get rid of regulation that is protective of people. We are trying to make it easier and simpler.

Q1002 **Chair:** Okay. Do the American quotas need renegotiating? That is something that JLR has identified; it is 100,000 at the moment. We thought that JLR's exports to the US fitted quite snugly within that quota, but do you think the quotas need to go up?



Blair McDougall: It is part of the issue that it does fit snugly within the quota, in the sense that it does not allow for a huge amount of growth for the company outside of that. Look, we have achieved an outcome in terms of those trade negotiations that no other country has. We are in constant contact with them. We continue to push and to ask. It is fair to say, we are not meeting with a response that would suggest there is a lot of room to go further than that.

Q1003 Chair: What about the Chinese imports? Chinese-manufactured vehicle sales in the UK have gone up by 121% over the last year; this Committee has seen evidence showing that manufacturing in China is subsidised about six times more than it is in this country. Plans coming out of the French Ministry for strategy and planning suggest that we should be thinking about tariffs on Chinese products that are produced in such an over-subsidised way. Is it time to start thinking about tariffs on Chinese manufacturing?

Blair McDougall: From speaking to JLR last week, for example, there is the feeling that they and other manufacturers get hit in two ways. You have highly subsidised manufacturing within the Chinese market itself, and slightly unequal entry into the market in terms of our own ability to sell there, which means that you are not able to grow into that market. As you say, on the other side of it, there are very cheap vehicles coming into the UK market. That is good for consumers—we have about 15% of the market at the moment.

We are looking at this very carefully, and I say that not just in the sense of looking at the detail but in terms of being careful about the consequences of any decisions we make on this either way. The UK car manufacturing sector is highly reliant on exports, which is why you do not perhaps see the response you would expect from industry themselves, because they are trying to make judgments about the ability to access the Chinese market, and would be worried about any consequences and retaliation.

Q1004 Chair: But you are not telling the Committee that you have ruled it out.

Blair McDougall: We are not ruling it out, but we have to be very, very careful with our response there. This is the conversation across tariffs: we are an open trading economy, and we do very well out of that in some ways, but there are negative consequences in some circumstances as well. But as I say, for a sector that is so reliant on international exports—particularly some of the smaller automotive companies—we have to be very careful.

Q1005 Antonia Bance: One of the questions that we consistently put to Ministers when they come to us to talk about industrial strategy is the extent to which the industrial strategy—we believe—will be judged for its success or failure on whether it preserves what we have. Yet we have an industrial strategy that consistently looks to grow more, grow new and innovate. Yet if you ask people, the loss of Stellantis, and the losses at Grangemouth, Mossmorran, Port Talbot and in communities across the



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country are the basis on which industrial strategy is judged. Perhaps you will be the Minister who will come to us and say that you have a clear risk register and are thinking about the proposal put forward by the trade union movement to have that open dialogue about where we know there are plants at risk and say what action the UK Government are going to pre-emptively take to avoid future industrial disasters.

Blair McDougall: I would go further than that and say that I think our job is to get ahead of that. Often, by the time someone's corporate HQ somewhere else in the world is making an investment decision that becomes a risk and Government scurries around trying to put some package together, it is too late. I think that the trick for myself and Ministers across Government is to get ahead of that.

We can talk about JLR there; that is a company that is making very difficult decisions to get, in their words, match fit for changes to the economy. The judgment that we are making in terms of our support is how can we make sure that we are making investments so that on the other side of that difficulty, the brilliance, technical excellence and innovation that that company has—the great products they have—are still intact and available. You mentioned Port Talbot as well, and that is another example of investing heavily to make sure that a traditional site that had deep-seated issues has a modern future. The door is always open, when unions or others see a flashing red light, for us to be there.

As I say, I think that often you have missed the boat if that is the point at which you start to engage. That is where, through the industrial strategy, things like the sector plans that we have been working through and the jobs plans that are coming through in short order after that, that sense of collaboration with industry is really important so you get to those challenges and threats long before they ever become a crisis.

Q1006 **Charlie Maynard:** I completely agree on getting ahead. But goods exports from the UK are down by 13% in the last four years. We are being whacked because we have introduced much more friction going across our borders, which makes it really hard for a car manufacturer like JLR to move stuff backwards and forwards across the border. We are playing in a market that is now six times smaller than it was. I mean this as an ex-entrepreneur as well as a Lib Dem: these are flashing lights. It does not cost any money—when are we going to get over those red lines? It is within the Government's power to solve it for the manufacturing heartlands that are being whacked by this by fixing things like the customs union. It is completely depressing to sit here and see it.

Blair McDougall: Look, you are right to point to the impact of Brexit. We have to recognise that Brexit is one element of an international order that is sliding towards protectionism in all sorts of markets. That is something we have to deal with.

On the car industry, the focus in conversations with not only JLR but other automotive companies in the west midlands last week was on us putting a lot of diplomatic capital into making sure that we get a good outcome from



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Made in Europe, that we are part of that, and that we put in the effort—as we are—on the issues around rules of origin. We are engaging very heavily on that. I think you and I both regret the situation that we find ourselves in with Europe, but I reassure you, on that list of things, and particularly advanced manufacturing and automotive, that we are prioritising international deals, and market access is a huge issue.

Chair: We are going to rattle through a few associated issues, starting with Leigh Ingham.

Q1007 Leigh Ingham: Good growth in every postcode is really important, and I want to see procurement and all the levers of Government used to help to drive that. Manufacturing employment in towns is twice what it is in cities. If you are looking to make sure that we have growth in every postcode, including our towns, manufacturing is key to that in those sectors.

Blair McDougall: I completely agree.

Q1008 Leigh Ingham: I want to pick up one point about reindustrialisation. Some people make the point that right now the Government do not have a target around what reindustrialisation could look like for jobs. Would the Government consider maybe looking at a target of a million extra jobs, particularly in the production side of things, by 2036?

Blair McDougall: On the skills plans that we are currently working on, which I mentioned a moment ago, Skills England reckon there are about 1.5 million jobs coming down the track in those IS-8 sectors—I think that figure is IS-8 plus construction—so we are aiming at that. It is difficult to have it as a target, because although a lot of this is within our control, a lot of it comes down to global economic factors and all the rest of it, but that is the thing in the headlights for us as we work on improving apprenticeships and the technical excellence colleges, and all the other work we are doing to improve skills.

Q1009 Leigh Ingham: Brilliant. On driving growth in every postcode, we have heard a lot of things talked about before this session. It is also about devolving skills money to combined authorities, but 48% of England is not covered by combined authorities, and those are areas that have not had the same level of investment. How do you guarantee growth in every postcode without having an agenda to get skilled jobs through in those spaces?

Blair McDougall: Part of it is it being incumbent on us, at ministerial and departmental level, to do what I referred to earlier, which is looking for the gaps. Where do we think there are areas that are at risk of being left behind? Running all the way through the industrial strategy is a sense of place, and it is not just limited to those areas with mayoral and strategic authorities. We talk about clusters, and about sectors that are more distributed around the country and not necessarily clustered together. But it is a fair challenge.

To go back to my original point about a more expansive definition of reindustrialisation, part of that is a recognition that, when we look at town



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centres and feel they are not what we would like them to be—when we see empty shops and that sense of decay—that started when the works at the edge of town closed. We have to have certainty that we are offering something everywhere in the country.

Q1010 Leigh Ingham: We have talked about procurement being a really strong lever that the Government can pull; I am really keen to see the skills link we have talked about moving forwards. The Government spend around £450 billion a year on procurement—I think I have that right. We accounted for £90 billion of it when we said we are going to change direct procurement. One issue you have is that arm's length bodies are not following Government direction in that. I have specific experiences in my constituency that I am happy to speak to you about elsewhere.

How do we ensure that that further £360 billion, which is an incredible lever to pull to shift the outcomes of people in this country, will be included? If arm's length bodies are not doing the same kind of things that we are directing Government Departments to do, you have a significant gap there and ultimately arm's length bodies spend Government money, albeit at arm's length.

Blair McDougall: I will say a few things. You will begin to see some of the structural changes that we are making. A matter of days ago we announced the changes to how we weight social value, which allows us to account more for skills in the money that we spend. Similarly, we have seen new guidance on using the national security exemption so that we have a broader understanding that national security does not mean just issues of defence but your wider resilience, as an economy.

There are individual Government Department initiatives as well. There is lots of work going on in defence, for example, to make procurement more open to innovative and smaller companies. The NHS innovator passport has been introduced so that smaller, innovative companies in particular are not dissuaded from bidding for something because they have to go through an agreement with every health authority.

Within the steel field, there is a really good example of how to do this: now, those who are procuring are required to judge what they are procuring against the digital catalogue of all the steel that is available within the UK. Similarly, we give the producers the pipeline of what is coming so that they are able to plan for that when people come knocking. You can also look at things such as the clean industry bonus.

There are structural things that we can do but, like a lot of things in the industrial strategy, it is about trying to find where the particular blockages are and—in addition to trying to create that structural change—taking a slightly “eye of Sauron” approach to focusing on those areas to try to improve the way it works.

Q1011 Chair: We have had two Chancellors talk about this topic. The last Chancellor talked about buying British not if possible but by design. The new Chancellor has said that public procurement is a “strategic tool”. How far are you prepared to go, within the WTO rules and the agreements with



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the European Union, in insisting on domestic content?

Blair McDougall: I think you can see from the changes we have made that we want to go further. We are unapologetic, but always bookend that by saying it will be within our international obligations. That is where the previous conversation links—

Q1012 **Chair:** Do you think that your instructions are basically pushed to the absolute max of what international obligations allow, or is there still some pushing to do?

Blair McDougall: I think, to go back to Leigh's question, in central Government Departments that message has got through. I think people are pushing on it. It will take some time and effort to cascade that all the way through the public sector.

Q1013 **Chair:** How long?

Blair McDougall: Look, we will work hard on it.

Q1014 **Chair:** Okay, but take Rolls-Royce and the SMR programme. The Government have put £2.6 billion behind that programme and Rolls-Royce has said that the reactor pressure vessels are among the capabilities that Britain cannot currently supply, so they are being supplied by Doosan in South Korea and Škoda in the Czech Republic. Do you think that is exactly the kind of scenario that we should try to avoid in the future?

Blair McDougall: I would not want to point to those particular examples because there is a benefit to us with the relationship with the Czech Republic in that, in terms of getting SMRs into Czechia as well. We are running at pace towards the SMR issue. Had we had a 10-year run-in to that, absolutely we would look to have a more strategic view of the supply chain to make sure that we are well placed—

Q1015 **Chair:** But you can see the issues: £2.6 billion, lots of public money, capability that we need in this country, and contracts go abroad.

Blair McDougall: Absolutely, but the industry for SMRs as a whole will be firmly rooted within the UK.

Q1016 **Mr Reynolds:** Minister, it has been just over a year since the industrial strategy was published, and yet a Make UK report published yesterday states that 91% of manufacturers have experienced no benefits from that Government strategy. Has the industrial strategy failed so far?

Blair McDougall: They may report that they have had no benefits, but in my experience that is not always the same as having had no benefits—

Mr Reynolds: They say they have experienced no benefits.

Blair McDougall: Many of those manufacturers will have experienced benefits through lending that is underwritten by the huge extension of guarantees from the British Business Bank, or from supply chains that have been boosted by innovation funding or national wealth funding from us as well. It is a fair challenge that we need to do more, Mr Reynolds,



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and that is why, for example, as I mentioned, the industrial competitiveness scheme—which will reduce energy costs for thousands of those businesses—is just around the corner.

Q1017 Mr Reynolds: Moving on slightly to the Industrial Strategy Advisory Council, which fits in with your role, the chair of the council told this Committee that it was very important that it went on to a statutory footing. That was part of why she accepted the job as chair. On 7 July, the then Secretary of State told us that he had not been able to find a legislative vehicle in which to do so. When will you find a statutory vehicle?

Blair McDougall: I have to give you that awful answer, “As soon as parliamentary time allows.” In the meantime, before the Industrial Strategy Advisory Council is put on a statutory footing, I think that its value is being seen in the research that it is putting in place and the advice it is giving. I have been at events with two members of the council over the course of the past week as I have been out and about in the country. The council is an important umbilical link between the strategy that we as political leaders pursue and the industrial consensus that we have built around the industrial strategy.

Q1018 Mr Reynolds: Do you really want to see the advisory council go on to a statutory footing? In evidence, the chair said to us in April: “We have not had anything that says they are not going to do it. It is probably more of a matter of time and priorities right now, which perhaps says something in itself.”

Blair McDougall: I know that when politicians say, “As time allows”, it often means something is kicked into the long grass, but we really do want to do this.

Q1019 Mr Reynolds: Will it be by the end of this Parliament?

Blair McDougall: I cannot answer that, because that is a matter for future King’s Speeches. As I say, the council is an important part of cementing the sense of a long-term consensus behind the 10-year strategy.

Q1020 Mr Reynolds: I understand that you do not necessarily want to commit here, but I am going to push you. The council is a really important part. That was in the industrial strategy, a flagship of this Government, and yet you cannot tell the Committee today that that will be in statute by the end of this Parliament. That is two and a half years away, Minister.

Blair McDougall: No Minister can say what will be in future legislative programmes, because that is not in my gift. I can say, look at the way that we are backing the council with a secretariat, that we are engaging and working with it on the research that it produces, and that we are pursuing the recommendations that it comes forward with. I hope that you can see from our day-to-day actions, if not yet from our legislative actions, that this is a body that we really value.

Chair: It would be a bit weird for a Prime Minister committed to

reindustrialisation not to put it on a statutory basis.

Q1021 Leigh Ingham: I want to come back a little to go into the relationship between devolution and mayoral strategic authorities, and the national industrial strategy. What is that relationship, initially? I will follow up on that, if that is okay.

Blair McDougall: I would begin by saying that I think the industrial strategy and the development of it was a good example of how you do this type of work in a way that respects and responds to devolution. The strategy was developed with mayors and in a way that was intentionally overlapping with their own 10-year local growth programmes. As I mentioned earlier, it has a sense of place and clusters running all the way through it, and that the closer we can make decisions and strategic choices about the development of clusters and sectors, the more we will take advantage of the local intelligence.

Q1022 Leigh Ingham: Fundamentally, there is one thing I would say there. You just said that the strategy was developed in co-ordination with mayors. What about the 48% of England that is not covered by them?

Blair McDougall: Absolutely.

Leigh Ingham: We are talking about half the country. Obviously, I know that the national Governments were involved as well, but I think it is a really significant gap and I am not sure it has yet been grasped by any of the answers we have had on that issue. In having a national industrial strategy, are there any trade-offs between “Devolution by default” and the strategy?

Blair McDougall: There are. I will just say that my Department and the industrial strategy team are working very closely on the devolution Bill and the “Rewiring the State” proposals about devolution. That is certainly something we are working on—how do you make sure that those that do not have mayors are taken into account?

We have a really good example within the automotive industry of how you do both the strategic and the local at the same time. This is where we are looking at what you do with the devolution of some of the research and innovation funding around automotive. We have to have that national view of the sector: what are the sovereign capacities we want to support? But you have begun to see—for example, within DRIVE35—the £50 million pilots around supply chains that we have devolved to mayors in the north-east and the midlands. I know that is mayors again, but we are not waiting to do that.

The other thing I will say—this is partly from being a Scot and having a longer and deeper experience of devolution—is that we have to be careful and always remember that devolution is not an end in itself; it is a means to an end, and the end is better government and better decision making. We don’t always have to wait—again, the industrial strategy is a really good example of this—for formal institutions and structures to be set up. You can just get on and work together and make things happen.



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Q1023 Chair: Do you recognise the fear that there is this whacking great governance gap and half the country is about to be left behind?

Blair McDougall: Yes, and that is something we are looking at as we prepare our own response to “Rewiring the State”. Kal?

Kalada Bruce-Jaja: Yes—oh, do you want to move on, Chair?

Chair: I am going to move us on, just because I am conscious of the Minister’s time.

Q1024 Sarah Edwards: Some good news that I can share, which is fantastic, Minister, is that Alcon in my constituency received £878,000 in research and development grants. This is great for advanced manufacturing, which is wonderful and to be celebrated. I will be visiting them next month to find out how they are going to be using that and why that is so important. Obviously, as part of the automotive supply chain, they are very important within Staffordshire and the west midlands, so they are well placed there.

I am wondering how you intend to use R&D spend to drive the industrial strategy, particularly now that you have science and innovation much more clearly defined in your remit, given the reorganisation of the Department. Do you have an idea of how you are going to lay that out? At the moment, I think that has probably come in a national way. Is that overlaying with regions and how money is going to be disbursed? We have had a bit of a discussion about this challenge; Staffordshire, for example, is in limbo about where it is going to sit, going forward.

Could you give us a flavour of what you think that looks like, especially for businesses out there that really want to get this research and development funding, and to be able to know how to get it and how they fit into the story that I think you and the Government want to speak about how reindustrialisation and the industrial strategy will benefit people, but specifically in relation to research and development funding?

Blair McDougall: Even prior to the reuniting of the Department, you already had UKRI reserving a significant portion of its funding specifically for the IS-8. On your point—similar to the earlier point on how you keep the strategic and the local—about how you are able to put, for example, innovation funding into sovereign AI capabilities and things of that sort while taking advantage of local expertise through the devolution of more research and innovation funding, we already have a fairly successful model for that with local innovation partnerships, where we put the money in and then it is designed by local government or mayors in the area to react to local links. But again, this is something we will be looking at as part of that.

Kalada Bruce-Jaja: I mean, the local innovation partnerships fund is a great example because it is not exclusively for mayors; it is spread across the four nations and there were two types of ways you could get the money. Some of the money was hypothecated for particular regions, and some of it was competed over. That gave an opportunity for everyone to play. The Government, even before July, have committed to exploring how to devolve that funding further. While that was only—I say only—half a

billion pounds, it is an example of how we can work in partnership. It is not just mayors; it is universities, local authorities and devolved Governments.

Q1025 Sarah Edwards: Can I ask a quick follow-up question on that? Sometimes it feels like the same companies get that money or get access to it, and others outside of that do not really know where to turn to, how to get it or what to do. Will there be work on that?

As a Committee, we have talked about this idea of having a front door for business—a single one-stop shop where they can go to find the answers to their queries. Is that being worked into that? Are there plans for that? Are there regional teams that are responsible for this? How can a business that is listening to our Committee now engage with the Department or the innovation teams and say, “I’ve got a great idea—I want to contribute”?

Kalada Bruce-Jaja: Not just through mayors, but there are growth hubs around the country. As the Business Department, we support those growth hubs, but they are also match funded locally by local authorities and others. They tend to operate as a front of house. It is not just innovation funding; it might be scale-up support or investment. It could be anything; it could be help to export. There is a front of house local to many businesses around the country.

Just to give an example of the local innovation partnerships fund, because I think it is important, the example I have here is not just giving a big firm some money to go and do something; it is about investing in an AI materials hub. Why is that important? Because it creates infrastructure for small firms, whoever they are, in the region to use it. That is what the growth hub can then do. It can provide access to those small firms there that need to use it.

Blair McDougall: May I add to that?

Chair: Super briefly.

Blair McDougall: If you look at the example of Made Smarter, although it is really important that smaller companies get access to innovation funding, we also have to recognise that that will need advice and support in itself as well. A lot of that innovation—particularly AI, for example, which we spoke about in the last session we had together—will feel like such a huge bar for people to clear. You have to match the accessibility with advice.

Q1026 Chair: There has been a fair bit in that set of answers about, “This is something we’re looking at.” I am assuming that basically you have some machinery of Government changes, you are working out how to wire what you have just got into existing strategies, and you are going to come back to Parliament and tell us how it is all going to work.

Blair McDougall: We were fairly connected to start with in terms of prioritisation of innovation funding.

Q1027 Chair: Sure, I am just reflecting back what you have said to us.

Blair McDougall: Maybe it's a verbal tic. Certainly, in terms of the future of those funds, for example, we have made a commitment to devolve more later-stage innovation funding to local areas. Those are the types of things that we are studying.

Chair: Okay. Let's exchange correspondence on exactly how that will work.

Blair McDougall: Sure.

Q1028 **Charlie Maynard:** I am looking at a list of national sector skills packages: the "Get Britain Working" plan, the construction skills mission board, the clean energy jobs plan, and the post-16 education and skills White Paper. We have got that. Now we have "Devolution by default" as well. You have lots of national ambitions, and now you have devolution coming in. How will that actually work in practice? Is there a clear road map, so you can say, "Committee, have a look at this: this is how that will all fit together"? If there isn't one there, will there be one soon? It is complicated. I am happy with the concept, but how are you going to make sure that it happens?

Blair McDougall: I think it is sometimes inevitable that, when you are working with different layers of government and different funding councils, it will be complicated. The people we do not want it to be complicated for is industry, and that is the biggest challenge.

Running through a lot of the skills work that we are already doing is that sense of both local and sectoral collaboration. You have mayors already delivering elements of our skills offer, and we have the technical excellence colleges, which are very linked to local clusters. That is another example of the link between place and strategy, and over £1 billion has been committed to that.

Kal and his team are doing a huge amount of work on this across Government, but the remainder of the skills plans will be coming very shortly, and they are the further unpacking of the industrial strategy. We have already seen the jobs plan for the clean energy sector, which I think is an exemplary example of how you knit together all the complex things that you are talking about—place, unions and industry. They are working on that together alongside Government, and you will see more of those coming very shortly, which will begin to map out the otherwise slightly complicated picture that you are setting out.

Q1029 **Antonia Bance:** You mentioned briefly in passing the British industrial competitiveness scheme and energy prices. Some 10,000 manufacturing businesses are going to be supported, and lots of the people in my area will be helped by that. Lots of them are spending a lot of money on consultants to make sure that they get it. I think we could really have done with making it clear that it was easy to apply for, so that people were not spending the first year's-worth of the money on the consultant to make sure that they got it. It desperately needs to be bigger than 10,000 manufacturing businesses. Are you going to go away and ask the Treasury



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to give us some more money, so that it is bigger next year?

Blair McDougall: We already have.

Antonia Bance: Okay, so you already asked for more money.

Blair McDougall: Well, the scheme is bigger than it was initially.

Antonia Bance: From 7,000 to 10,000.

Blair McDougall: That is thanks to some generous Treasury funding, so I will not bite the hand that feeds me from that point of view. Neither of my Secretaries of State have made a secret of the fact that they would like to see that type of support rolled out to an even bigger group of businesses, but it has to be affordable. These things are necessarily very expensive.

On your point about simplicity, the sign-up coming next month is for a scheme that I think it is fair to say has been very complex to stitch together and deliver, and I think you will see it is a fairly simple process for the user.

Q1030 **Antonia Bance:** I will say that energy costs are absolutely existential. If there were one thing I could put at the top of the list, it would be energy costs.

Blair McDougall: It is at the top of our list.

Q1031 **Antonia Bance:** Elsewhere on the list—perhaps this is slightly something for one of your new colleagues, Lord Sarwar—the impact of the steel safeguards regime on manufacturing businesses in the downstream steel industry is absolutely monumental. We are less than four months into having the new tariffs and quotas regime. Every time I go and see downstream steel, they are telling me of immediate impacts.

We are in a situation where the roll-overs are not exhausted yet, and where quotas have not been met yet, but there are huge worries about what is going to happen later in the year. Stockholders are telling me that they are trying to prepare their customers for a jump in prices later in the year, but obviously loads of my SMEs that buy from intermediaries are not aware of this looming and coming towards them.

As for fabricators, there are no protections at all. They are seeing increased imports of fabricated steel coming into the United Kingdom, undermining what they are doing. We cannot have an industrial strategy that says we are going to reindustrialise and then, almost by accident, lose our downstream steel industry. Please tell us that you are going to do a proper review as soon as you possibly can, get some of the details right and finally bring in some protection for fabricators.

Charlie Maynard: Or put us inside the customs union and the single market.

Antonia Bance: There is that.

Blair McDougall: As always, I agree with everything you have just said, and I have heard much of what you have said. I think it is fair, first, to acknowledge that this was something we did out of necessity rather than choice; it would have been catastrophic for large-scale steelmaking had we not. You saw during the process of looking at the quotas and the different types of products that we moved significantly from the original proposals. I think we took nine separate categories out of it because of the concerns that have been heard.

We have said that we are going to review this, but in the meantime, we are in close contact with everyone that you have described to keep abreast of the impact. I bookend that by saying that there is also an opportunity here for British manufacturers. Yes, we have a commitment to review this, but we also want to send a market signal to them that there is an opportunity for them to manufacture more in the UK. I am working very hard, with my new steel hat on, to make sure that that is happening as well.

Q1032 **Chair:** The final question is from me. In one of the replies to our reports, you have agreed with us that Health and Defence are two big Departments that really need to get their procurement act sorted if we are to deliver on the industrial strategy ambitions that you have. We have heard evidence this afternoon that the Ministry of Defence cannot break down the £298 billion procurement budget; they cannot define what “British” means, and therefore how much of that money will be spent on capabilities here at home; and they cannot tell us how much progress they have made in accelerating their procurement speed. Is every other part of Government as bad as this?

Blair McDougall: I will look back at the evidence and raise the issues with my colleague, the Minister with responsibility for defence procurement. I cannot give an overall assessment for every part of Government. What you can see is that, with a focus on Defence and the NHS, as I mentioned earlier, we are starting with the big spenders in the hope that that creates a culture change that flows throughout the rest of the public sector.

Q1033 **Chair:** And how is it going?

Blair McDougall: It is very hard to change culture in procurement. We as Ministers—it is similar to so many areas—have to say over and over again that we are serious about backing people when they take slightly more risky decisions, when they innovate and when they choose a supplier that is not one that has been chosen over and over again.

Q1034 **Chair:** When are we going to start firing people who do not get the message?

Blair McDougall: Rather than firing, I would talk about hiring. We have innovation leads in each of the Departments on procurement now, whose job it is to try to make this easier, particularly for challengers in procurement.



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Q1035 **Chair:** Given the journey ahead of you on changing the culture, if 10 is, "You've got it absolutely nailed," and one is, "You haven't really started," give us a sense of where you are on that spectrum.

Blair McDougall: I would put us at four, headed to five.

Chair: Okay. We will keep a very close eye on this. That concludes this session. Thank you very much indeed to you, Blair, and to your officials.