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LORDS INDUSTRY AND REGULATORS COMMITTEE SESSION ON PLAN FOR GROWTH

When I appeared before the Lords Industry and Regulators Committee on 8 June, I promised to write with further information on some topics raised by Committee members.

Lord Blackwell asked about which sectors would be prioritised. The UK has strengths in many areas, and the government is providing support to sectors in a number of ways. The Plan for Growth committed to set out a vision for high-growth sectors and technologies where we are well placed to develop a globally competitive advantage. The details of these sector visions will be set out by the relevant departments in the coming months, but in developing them we will consider the role of government in supporting high-growth sectors that have the potential to build a globally competitive advantage, as well as how these sectors can also support wider government objectives, for example levelling up or enabling our transition to net-zero. In addition to these visions, the government is supporting industries' transition to a low-carbon, sustainable and competitive future as well as encouraging the development of new industries, from offshore wind to hydrogen, carbon capture technologies and zero-emission vehicles. The government has also provided significant support for sectors impacted by the Covid-19 pandemic, including through the furlough scheme, government backed loans, and grants for businesses forced to close.

Lord Blackwell also asked what weight the Government places on the Financial Services Memorandum of Understanding.

Agreeing a Memorandum of Understanding on regulatory cooperation with the EU and strengthening the competitiveness of the UK sector are not mutually exclusive. In November, the Chancellor outlined the Government's plans to ensure that the UK moves forward as an open, attractive and well-regulated market. As part of the UK's global openness agenda on financial services the MoU adds to the growing number of regulatory cooperation arrangements that we have with other major financial centres. The Government is optimistic that the MoU will pave the way for a constructive future relationship on financial services between Europe's two largest financial services partners.

In parallel, further measures have already been taken to strengthen the UK's position as a leading global financial services centre, building on opportunities generated since the UK's departure from the EU. Most recently on 19 April, the Chancellor confirmed the UK will be taking forward many of the recommendations made in the recent Review of UK Fintech, led by Ron Kalifa, and the UK Listing Review, led by Lord Hill.

I also agreed to provide some examples of what a departmental Outcome Delivery Plan entails in response to Lord Burns. These are due to be published in due course, and when they are I will ask my officials to alert the Committee.

Lord Allen raised the issue of risk-sharing between the public and private sector, and asked whether a successor scheme to PPP or PFI was in the pipeline.

I agree that the government should promote risk-sharing between public and private sector and take steps to encourage private investment in the UK. However, this has to be achieved in a way that provides value for money for the taxpayer. The government retired PFI / PF2 models due to their fiscal risk, inflexibility and complexity. As stated in the National Infrastructure Strategy, the government has decided to not reintroduce the PFI / PF2 models or any similar private finance model.

The government is committed to ensuring that the UK remains an attractive destination for private investment and will continue to develop new revenue support models and consider how existing models can be applied in new areas to facilitate investment. In addition, the government is setting up the new UK Infrastructure Bank, which will co-invest alongside the private sector to boost investment in UK infrastructure.

Baroness Bowles asked if there is a stifling of innovation and whether the remit of the economic regulators should be updated to include competition or competitiveness, citing the sandbox concept.

As set out in the plan for growth, we will support regulatory sandboxes and innovation hubs in regulators. The government has also committed to producing an overarching policy paper on economic regulation that will set out details on key areas including, injecting more competition into strategic investments and driving innovation and efficiency for the benefits of consumers.

I hope the information in this letter answers the Committee's queries. I am copying this letter to the other members.

A handwritten signature in black ink that reads "Kemi Badenoch". The signature is written in a cursive, flowing style.

Kemi Badenoch
Exchequer Secretary to the Treasury