Response to Industrial Strategy consultation

Sectors

1. What are the UK's strengths and capabilities in these sub sectors?

The transition to Net Zero presents a significant opportunity to address societal inequality and create socioeconomic co-benefits. The UK's Net Zero Strategy recognises that decarbonisation offers multiple benefits in addition to mitigating the effects of climate change, including creation of jobs and business growth. The Climate Change Committee has also highlighted the health benefits of improved housing standards and a more sustainable diet. Mission Zero: The Independent Review of Net Zero led by MP Chris Skidmore described Net Zero as the 'growth opportunity of the 21st Century' but said government needed to act to make the most of the opportunity. The extent to which these co-benefits are realised will depend on our route to decarbonisation along with the degree of public engagement and systemic behavioural change.

2. What are the key enablers and barriers to growth in these sub sectors and how could the UK government address them?

There are risks and challenges restricting regional decarbonisation and socioeconomic transformation. Social impacts of the Net Zero transition must be carefully managed to enable a just transition to Net Zero. A just transition articulates the possible social benefits of a transition to Net Zero, defined by The international Labour Organization (ILO) as "greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind." The Climate Change Committee suggest that the economics of a just transition needs a much wider investigation to assess the plausibility of the complete restructuring of the economy: asking can the workforce be re-skilled and re-employed and what are the economic consequences for local areas within the UK?

Business Environment

3. What are the most significant barriers to investment? Do they vary across the growth-driving sectors? What evidence can you share to illustrate this?

Social acceptance, and public buy-in for regional scale economic transformation is a critical enabler of industrial decarbonisation, and public resistance to proposed investments, such as the CCUS Pipeline proposed by Exxon Mobil in the Solent acts to slow down investment decisions.

Public engagement with climate change and decarbonisation, particularly two-way dialogue between decision makers and the public is crucial but not yet fully embedded in policy making. Effective regional engagement and leadership requires working with the public to co-design a desirable yet feasible plan for decarbonisation, and in doing so translate abstract climate goals into concrete outcomes. Decision makers from business and government should co-design the regional vision with diverse people across the country and communicate it in a coordinated and consistent way.

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Research carried out by the University of Southampton demonstrated that in the Solent region there is a clear gap in what community members *expected* to happen in the future compared to what they would *like* to see happen in the future. This research explored how Cluster-led decisions may diverge from public preferences, highlighting the risk of ignoring the unique socioeconomic conditions of the region and missing potential benefits of decarbonisation for the local communities, as well as losing public support for new technology-led decarbonisation programmes. Discussions with research participants from a range of local stakeholder groups also highlighted the need to build trust between different sectors to enable collaborative working, particularly large businesses represented in Industrial Clusters who have historically been high emitters of greenhouse gases.

Business Environment – People and Skills

4. Where you identified barriers in response to Question 7 which relate to people and skills (including issues such as delivery of employment support, careers, and skills provision), what UK government policy solutions could best address these?

All policies addressing industrial growth and decarbonisation, particularly in the 'Clean Energy' sector should encourage businesses to include local communities in their decision making. This would also help to maximise the socioeconomic benefits of decarbonisation and reduce the risk of losing public support for decarbonisation projects. To date, national decarbonisation policies have not adequately considered the socioeconomic context within which technologies will be deployed, nor mandated consultation with local stakeholder groups to explore how socioeconomic benefits can be maximised.

The Industrial Strategy represents an opportunity for local communities, individual regions, and the UK to affect change in sustainable energy production and consumption. However, the current policy landscape is too focused upon technological solutions. The industrial strategy and it's component policies should include policies specifically targets at developing regionally focused understanding of the social, cultural and economic impacts of industrial decarbonisation and how these might vary spatially and temporally depending on the pathways chosen for technical decarbonisation. They should consider jobs, training and education linked to different decarbonisation choices, and the co-benefits and disbenefits associated with each potential pathway. With a socioeconomic perspective on the impact of different technological decisions, built through engagement with communities, businesses will be able to support progress on multiple Government missions, kickstarting economic growth in every region, as well as breaking
down barriers to opportunity.