

<p style="text-align: center;">Freeing Britain to Compete: Equipping the UK for Globalisation Briefing paper – September 2007</p>

Introduction

On 17th August, the Economic Competitiveness Policy Group, chaired by former Conservative Cabinet Minister John Redwood and the chief executive of Next fashion group Simon Wolfson, launched its report entitled *Freeing Britain to Compete*.

The report argues that UK has been falling behind in recent years, resulting in a slower rate of productivity growth, higher taxes and higher inflation. Despite the UK's sustained growth rate, 5.4 million people of working age are without jobs, 1 million manufacturing jobs have been lost in ten years, and the poor-rich gap is widening.

Remit

The remit of the Economic Competitiveness Policy Group was to formulate proposals directed at improving the competitiveness of the UK's economy based on a thorough consideration of the impact of taxes, the regulatory framework and key policy areas on people and business.

Summary

The Report recommends to the Shadow Cabinet a number of proposals encompassed under different headings: Transport (chapter 3); Skills, Training, Science and Engineering (chapter 4); and Energy Policy (chapter 7).

A) Transport:

It is described as “the biggest challenge to the UK's economic competitiveness after taxation and regulation”. Congestion is costly for business and reduces Britain's competitiveness. There's recognition that the London congestion charging has produced only marginal reductions in congestion.

The range of proposals, though focused on reducing congestion and its economic impact, support the Conservative Party objective to cut CO2 emissions of all new cars to 100g/km by 2022 and of all cars by 2030.

Proposals:

- More railway capacity is necessary, and an improved service, not only for freight but also for commuters.
- Railway may be the green option if modern locomotives with low emissions and high fuel efficiencies are used. Also depends how the passengers get to and from stations.
- Encourage the use of public transport by making it more attractive (ie. cost, convenience), but not in favour of reducing car usage through direct regulatory intervention.
- Consider changes in working patterns (working from home, more flexible office hours, ‘hot desking’, and greater use of technology to reduce business travel) to tackle congestion and its impact in transport use.
- Increase the capacity of the motorway network and tender for private sector improvement.

- Change guidance to local councils to make clear transport policy is a priority. Additional funds will be given.
- Freight: charge all lorries for their mileage on British roads but cut duty on diesel or excise duty for UK hauliers. This would allow them to compete with other European hauliers and the revenue would be used to improving the UK road network. Rail freight should also be encouraged.
- Review of government and agencies use of transport.
- Transferring the VCA and the Government Car and Dispatch Agency to the private sector, while merging the DSA, DVLA and VOSA into one agency.

B) Skills:

The report asserts the failure of the current supply-led system of training provision and advocates the change to a demand-led system. It shows concern about the university drop out rate as well as the decline of numbers studying Science and Engineering. Compared with other competitors, UK investment in knowledge and R&D lags behind, therefore the policy group recommends increasing spending in these fields.

Proposals:

- Sector Skills Councils to be empowered and become the apprenticeship scheme's sole licensing body.
- Three categories of skills training (A, B, C)
- A simplified funding system: a single, flexible and integrated system administered by local authorities and county councils.
- A Careers Advisory Service to replace the current Connexions Service
- More SME involvement, particularly in the Group Training Associations (GTAs).
- A better tax deal for people and companies to give to Universities to strengthen their endowments. It also makes suggestions on how to increase numbers studying STEM (Science, Technology, Engineering and Maths).
- Encourage more positive links between business/industry and universities

C) Energy Policy:

The Policy group deals briefly with issues such as the use of renewables sources and nuclear power in the generation of electricity, the need to keep the North Sea tax competitive and provide incentives for the rapid development of carbon capture and storage (CCS) technology.

A key concern in this area is the price of carbon, as the way the UK or EU will be pricing carbon may price business out.

In order to ensure energy supply, the group recommends replacing the existing nuclear stations with new ones until it is clearer whether renewable technologies and local power schemes are able to satisfy UK's energy needs.

For more information and the full report:

<http://www.conservatives.com/pdf/ECPGcomplete.pdf>

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