Rt Hon Alok Sharma, M.P.,
Secretary of State for Business, Energy and Industrial Strategy,
1 Victoria Street,
London.
SW1H 0ET

17th June, 2020

Dear Secretary of State,

BSA Contribution to Economic Recovery Task Forces

Thank you for the opportunity to contribute to the BEIS task forces on economic recovery.

The attached Annex includes thoughts on the five specific themes.

They are from the perspective of the business services industry. This comprises large and small companies and VCSE organisations delivering ICT, business process outsourcing, facilities management, construction and infrastructure services, and managed public services.

This is an industry which can play a central role in economic recovery:

- It is responsible for some 1 in 10 jobs across the UK, so is vital for the levelling up agenda - which relies to a large extent on people's access to jobs, training and career progression.
- Business-to-business outsourcing, professional business services support and partnerships between businesses of different sizes are all important ways in which SMEs can be helped to scale up, especially at a time in which the pandemic has often hit smaller companies hardest.
- The flexibility and innovation shown by many business services providers in the emergency response phase is a sign of their potential contribution in the recovery phase as well.

Given the scale of the recovery task in front of us, it is now critical that all sectors of the economy – public, private and VCSE – draw together in common endeavour, just as they did during the pandemic. That means making sure different sectors' goals are clear, and clearly aligned, especially in relation to levelling up and net zero, and that public sector commissioning and other decisions are always taken with that in mind.

When considering the use of commissioning and public procurement in particular, it is important not to see the five task force themes as separate strands of work. Many of the conditions which give rise to investment in innovation for example also give rise to investment in people. Equally, early engagement with the private and VCSE sectors will yield examples of ways in which both the net zero and levelling up agendas can be advanced, in relation to particular projects and communities.

The business services industry supports and works in all sectors of the economy. It has deep insights and operating experience that can help inform the planning of the reopening of all sectors in the economy. It has the capacity and reach to support areas and sectors particularly badly hit. It is also expert at scaling and replicating the innovation and change now required. It should be ready to play its part in recovery as it did in lockdown.

A full note recently published by the BSA on the Levelling Up agenda and business services is also attached. On investment, we have also previously sent to Minister Nadhim Zahawi's office several examples of specific projects which can be brought forward in line with the objectives government has set out, from BSA members and also some from local authorities.

Thank you for considering these points. My email address is Mark.Fox@bsa-org.com should there be anything you or your office would like to discuss.

Yours sincerely,

Mark Fox
Chief Executive
BSA – The Business Services Association

ANNEX: BSA contribution on the 5 task force themes

1. Levelling Up and Increasing Opportunity

It has been said that with pandemics we are all in the same storm but not all in the same boat. Some groups and communities have been hit far harder than others.

Helping these groups emerge from the crisis more quickly and more sustainably includes:

- avoiding a 'lost generation' by assisting young people into the world of work. Large numbers of apprentices have been furloughed, and workplace training has often become impossible. Furthermore, recessions almost always hit those coming into the jobs market - or who are already furthest from the jobs market - the hardest. There has been a gradual move away from a focus on young people in recent years, as youth unemployment has fallen. But this may now need to be reversed. Potential policy responses include:
  - investment in pre-apprenticeship 'soft' skills and core GCSEs (level 2 qualifications) in Maths and English, as well as courses of under a year like Prince2 or basic engineering or plumbing qualifications;
  - more flexible use of training and apprenticeships provision for employers in sectors where jobs are available (including simplifying the process of becoming an apprenticeship provider, and potentially allowing more bespoke apprenticeships). A review and reform of the apprenticeships 'offer' and system should aim to make it more dynamic, relevant and flexible;
  - a focus on flexible delivery models, and giving people a holistic support package that covers areas such as digital;
  - further help with travel costs for those in more remote areas whose local providers may no longer be functioning;
  - an immediate ramping up of business-led careers advice focused on high-growth and opportunity areas like digital, civil engineering and construction in particular; and
  - encouraging students into vocational training where this is most appropriate to them, including through making sure schools are not simply assessed on numbers going to university;

- focusing from an early age on gender equality in relation to STEM subjects, and making sure technology and computing teaching aligns fully to the future skills agenda, such as AI, and covers both using and creating such technology appropriately;

- linked to this, a funding injection into the FE sector in exchange for a focus on priority skills for the future (digital, design, engineering / STEM), especially in the event that we see large scale deferment and loss of critical tuition fee income in the sector;

- scaling and replicating successful employment support programmes which have been piloted in parts of the country, including the health-led employment trial in Sheffield City Region and GM Working Well;

- reinforcing the links between training providers and FE colleges and local employers, so courses can be refocused on areas of ongoing job opportunities, as local economies now evolve more rapidly than ever;

- a focus on life-long learning, retraining and providing flexible skills for those people needing to move from sectors which will remain hardest hit;

- dealing rapidly with the digital divide and digital poverty, both of which will hit vulnerable groups ever harder under the new economy emerging from COVID-19. An enhanced broadband network has now become a national priority to support the on-going delivery of public and private services using remote delivery. In particular there needs to be accelerated investment in superfast broadband and better network infrastructure in under-served areas of the country, to tackle widening education and economic inequalities resulting from differential access to online learning resources. Network poverty and economic poverty are highly correlated;

- focusing infrastructure investment on those parts of the country which need it most, including through the Green Book review;

- ensuring that public sector contracts fully resource decent pay and conditions, including for those groups in the front line of the COVID-19 response who have frequently quite rightly been praised for their efforts by the Prime Minister and senior ministers – such as cleaners, security guards, porters and factory workers. Those who procure services and projects need to recognise in the procurement process the additional costs inherent in fair pay, and accommodate these accordingly. At the same time all employers will need to make staff welfare a priority as the world of work changes, considering for example the implications of increased working from home, and reduced access to public transport, for different groups of workers with different personal circumstances;

- ensuring that groups already disadvantaged in the labour market, including disabled people, care leavers, ex-offenders and the homeless, are not further disadvantaged by the expected rise in unemployment and increased competition for vacancies. Existing employment support provision should be maintained and adapted to achieve this;

- implementing a better coordinated, data-driven, national approach to tracking, engagement and safeguarding oversight of vulnerable children and those with SEN, given the likelihood that schooling will continue to be disrupted into the autumn term and the risk profile for this group will increase; and

- understanding the broader health impacts of the pandemic and associated economic downturn, particularly the likely increased prevalence of mental health issues and associated support requirements for both individuals and employers.

The Importance of Place Leadership in Levelling Up

COVID-19 has highlighted both our interconnectedness and the distinct needs of individual communities, because a global virus has nevertheless affected different communities differently. Those different communities will also wish - and need - to fashion their recovery and their futures differently.

Furthermore, the voices of local communities, and their local and devolved government representatives, should be at the heart of the decision-making process going forward.

As a consequence of COVID-19, local communities have found innovative ways to care for vulnerable people in their midst. This hard-won experience of what beneficiaries need and how those needs can be provided for, including by communities themselves, should be subject to early lessons identified for capture and analysis. The understanding gained should be used to inform local public service provision in concert with the communities to be served.

Place leaders will therefore be key - enabling communities to drive response, providing leadership so those needs and wishes can evolve into strategy, and drawing together stakeholders in putting it into effect.

We therefore need to see further progress on devolution so that all regions can tailor decisions and spending to the local areas. There is also an opportunity to connect this agenda to EU Exit and to equipping the economy for the long term.

In recent years combined authorities and LEPs have worked hard to develop local industrial strategies. As part of this work they have conducted detailed research into their local economies, key sectors and enabling sectors, strengths and weaknesses, and, in particular their workforces, the skills they have, and he gaps in skills amongst those in and out of employment alike. It is vital this work is not now lost. Adapting these findings to the new realities of a COVID-19 world and its aftermath must be a top priority for MCAs and LEPs, working with businesses and communities themselves.

The Importance of Transparency

One way to incentivise private sector investment in the regions would be to improve transparency in the infrastructure appraisal process. Business cases are not routinely published, including data around benefit-cost ratios of projects, which makes it more difficult for private investors to plan ahead and align their strategies with those of government. By making the appraisal process more transparent, the appetite for private sector investment will increase due to a visible mitigation of risk of previously perceived risk, ultimately providing greater opportunity for regional investment.

Such transparency would enable all stakeholders to identify systematic barriers to regional investment, as well as improving the scrutiny process.

2. Starting and Scaling Businesses

Starting versus Scaling

The UK already has a strong reputation in certain areas – notably the tech space - as one of the best places to invest to start up a company. Reasons for this include a vibrant social life for young entrepreneurs; the ability to tap into strong graduate skills; and a combination of tech skills, creative skills and enabling spaces and finance, especially in urban areas.

Many synergies come from harnessing complementary skills together, and also from co-working, albeit there needs to be protection of intellectual capital and property. There is also room for further help with cyber protection from NCSC and key industry players.

Scale-up, however, is a harder proposition. Promising businesses are often too ready to sell and do so too early. The UK can nurture many start-ups, but companies from other countries benefit from that investment by investing to scale them up. International legal teams scan research papers and patent applications to search for early stage acquisitions.

BEIS could set up a watch list of start-ups which offer promising technology, products or services which align to its long-term plans. It could offer early stage support – which could be financial, premises, business connections etc – potentially in return for a very small stake or option for use at a time when the founders are considering a sale, giving the government step-in rights potentially to intervene.

Supporting and Building Up SMEs

One lesson from the lockdown is the value in building UK-based supply chains in order to ensure resilience of supply. The importance of 'Community Wealth Building' – strengthening organisations indigenous to a local community – was being recognised prior to COVID-19. Yet in many areas of the country smaller businesses and VCSE organisations have been hit especially hard.

The business services industry has long played a major role in helping build such organisations up. It is responsible for 8 per cent of GVA, of which 70 per cent is business-to-business services[1]. Its professional expertise helps many micro-businesses and SMEs take the crucial next step to becoming medium sized businesses.

[1] Page 9: http://www.bsa-org.com/wp-content/uploads/2017/04/OE-BSA-report.pdf

Research shows an increase in business-to-business outsourcing is positively correlated with productivity: an increase in outsourcing of 1 per cent adds £2 billion in productivity gains to the UK economy each year, as businesses focus on delivering their core activities more efficiently. Furthermore, analysis of sectors which use outsourced services shows this resulting productivity growth is not coming at the expense of jobs. In addition, the most intensive users of outsourcing have also experienced more than double the average annual export growth[2].

More generally, and long before COVID-19, the old barriers between the sectors were breaking down, with market, digital and technological change leading to servitization in manufacturing and increasingly an 'internet of things'. In today's world a thriving service sector helps other sectors thrive as well.

As well as employing people themselves in every part of the UK, larger business services organisations have also long worked in partnership with smaller and more local businesses and VCSE organisations, helping to shoulder the risk and provide the up-front finance which are often necessary parts of contracts with public and private sectors alike. Different sizes of businesses have different strengths they can draw on, and collaboration can help them do so.

Yet today, in many areas of the country, smaller businesses and VCSE organisations have been hit especially hard. Larger organisations can have the capacity and reach to help. They can help support and rebuild local SME capacity, by making full use of the external expertise and supply chain management they can bring to the table, while smaller organisations bring their strengths to the table and the two learn from each other. It is incumbent, now in particular, on large organisations to pay their supply chains quickly and respond in the spirit of PPN02/20. Now and longer term there is a need for fair treatment of supply chains with fair allocation of risk and reward, genuine partnership working, and larger and smaller organisations each being aware of the opportunities available both to contract directly with the public sector and to collaborate with each other (for example with directories or networks of local suppliers, as well as the use of initiatives such as Contracts Finder).

These objectives are all more likely to be achieved with long-term vision from public sector commissioners, a desire for genuine partnership working, economic stability and clear pipelines of work so investment in technology and skills is encouraged. They also require early engagement with businesses and VCSE organisations of all sizes, to bring in ideas on how social value outcomes can best be achieved.

Regional Business Hubs

In order to develop or strengthen local business networks and business ecosystems, the Government, alongside large business and LEPs could also consider the development of strengthened regional hubs.

These could provide, specifically for the benefit of regional SMEs:

- Information, and the tools, knowledge, training and technologies required to operate successfully. This could include the dissemination of market research on specific sectors and opportunities to understand market dynamics;
- Encouragement and inclusion, with promotion of policies which encourage inclusive business models.

Dialogue between public and private partners is instrumental in sharing knowledge. Further support can take the form of technical support, shared platforms, disseminating best practices, devising industry standards and infrastructure investments.

Many LEPs have already pioneered such work, especially in certain sectors, and the Professional and Business Services Council has also looked at the potential role of professional and business services providers in this regard. COVID-19 and the effect it has had on regional economies now gives fresh impetus to this agenda.

[2] http://www.bsa-org.com/wp-content/uploads/2017/10/OE-report-for-BSA-Productivitiy-report-Sept2015.pdf

3. Attracting and Encouraging Investment

Encouraging Business Investment

Rarely has there been greater need to encourage investment in skills and technology, but rarely has there been a better opportunity to do so – and to identify the right sort of skills and technology to invest in for the future.

It is important not to see investment in skills and technology as alternatives. They go hand in hand. Businesses which invest in one tend to invest in the other, and the conditions which enable one tend to enable both. In particular, local and national economic stability and a clear forward pipeline of work both encourage a long-term view and investment. There remains a particular need to encourage SMEs and start-ups, especially in the tech sector, to take a longer-term approach.

Prioritising Sectors

In terms of sectors in which to invest, the first step is to define what is critical for the UK, considering services, businesses, assets, resources, data, skills and supply chains. As well as sectors such as science and healthcare; technology; engineering; finance; creative industries; environment, agriculture and fishing, crucially this must include all the business services and other sectors which support them. As the pandemic period has shown, these are vital in enabling others – whether public or private sector providers – to operate and thrive.

A vision can be created for the UK in which government and private sector work together to create world-class centres of excellence, building on the Industrial Strategy.

One innovative set of ideas, stimulating serious interest, focuses on how to turn this approach into a series of short and medium term actions, potentially including some or all of the following.
Short-term:

- Setting up a sovereign reconstruction and wealth fund which can own equity stakes, build and nurture key assets and return wealth to the public purse over time.
- Where a business that is defined as critical to the UK future suffers financial failure due to supply/demand-side shocks rather than financial mis-management, and needs financial support, an equity stake can be taken. Constraints and step-in rights can be applied over decisions on geographic location of R&D; location of HQ/tax residency, and on future ownership to prevent UK assets being sold abroad, unless government sanctioned.
- Government support can be provided in the shape of funding, incentives, payment holidays, special economic zones (tax-light or tax-zero), regulation, growth and trade guidance, and oversight. The private sector can then be allowed to grow these businesses using its competencies of management talent, business, sector, scientific, engineering, creative and technology skills, and commercial sense and productivity.
- Equality of opportunity would need to be encouraged across private businesses, and collaboration encouraged for example through co-location of facilities.
- The practice of debt loading of businesses, usually after take-over, would be discouraged.
- Business mentors would be mobilised to act in a non-exec role to nurture business growth.

Medium Term:

- A long-term economic plan can be created for the UK in partnership with industry, with the aim of fostering and sustaining future competitive advantage in the world, especially in sectors where the UK can develop leadership positions from which it can benefit not only domestically but also from export sales and licencing of intellectual property. A process would be developed to identify and protect businesses and skills critical to this strategy, with targeted incentive programmes.
- A parallel stream on the domestic agenda would not especially contribute to exports but rather focus on national issues such as health and social care, infrastructure and environment.

- Funds would be set up to define "moon-shot" challenges, for example: "Eliminate Homelessness"; "Become the leader in mining value from "Space Data". The more this can replicate a big, common goal – like COVID-19 - the easier it will be to mobilise pan-industry teams to innovate. Short, medium- and longer-term goals would focus successful bidders and offer greater return.
- Several new Research Parks could create clusters of businesses focussed on a key purpose. Set up as Special Economic Zones with tax incentives, their geography would align to the Levelling Up agenda and support employment. For example in West Cumberland / Sellafield it could seek to leverage strengths of the coast, Offshore Wind Farms, and the Natural Beauty of the Lake District to create a Research Park focussed on Green Tech. This would network with other Green tech Parks.

Prioritising Investment

In relation to government investment there should be particular focus on investment which will help future-proof communities from a sustainability, resilience and post COVID-19 agile working perspective.

This could include;
- Energy efficiency works (see below)
- Lifecycle work in data centres
- Work to support telecoms and digital infrastructure
- Works to increase flexibility e.g. fit out, HVAC modifications, sensor
- Enhancements to BMS to allow more remote monitoring
- Workplace design
- Moves and changes
- Utilising existing infrastructure better
- Connecting population centres and places of work
- Improving short-distance transport links.

Energy efficiency measures can include both new housing, where gains delivered now yield year-on-year carbon and cost savings, and upgrading older housing and heating systems. The Green Finance Institute's recent (May 2020) report on the potential for developing financial products to finance energy efficiency and retrofitting, demonstrates what is possible.

Furthermore in the face of COVID-19, many businesses do not have the funds available to invest in green capital projects – such as installing ground and air source heat pumps, upgrading HVAC systems, energy efficient lighting or remote connected building management systems (BMS). Around 65 per cent (UKGBC, 2017) of the building stock for 2060 has already been built, so action needs to be taken now to make sure it is fit for a green future.

Financial stimulus may therefore need to be available to support low carbon technologies, to ensure that the restart does not have further impacts on the environment over the short term.

A low interest loan for green capital investments, supported by government, would enable businesses to make vital energy efficiency upgrades to their sites. Requiring such investments to be audited by a third party, linking performance with loan rates, would ensure value for money, but experience suggests in many cases zero carbon can be achieved for zero cost over time, thanks to the savings made.

There is also the opportunity for UK government to lead by example, as one of the largest occupiers of commercial buildings in the UK, by investing in its own property portfolio. The Government can demonstrate to the private sector, and other nations, what the next generation of energy-efficient retrofitted buildings will look like.

Investing in energy efficiency across the commercial property estate, scaled up across the UK, would result in a huge reduction in carbon emissions, enabling business to drive a green agenda and support the Race to Zero. These capital projects would also create jobs across the UK, from low to high-skilled, often in STEM areas, and would be well-suited to apprenticeships. Moreover, some of the UK's biggest energy users are in the nation's more deprived areas, so such action would support the 'levelling up' agenda.

Investment in local housing, town centres and infrastructure have the great merit of being decentralised, and able to create jobs in 'COVID-shocked' communities in cities and towns across the UK. By contrast, big ticket investments take longer to get moving, and potentially distort spending.

Funding for Investment

Investment must bring together public and private funding, with blended finance solutions. While public grants or returnable grants are the fastest to mobilise, innovation can be promoted through private finance sector. Repurposed well-targeted guarantee schemes can reduce risk enough to get innovative green projects over the "bankable" line.

Oxford University Smith School has set out proposals for institutional arrangements to deliver change, including a Net Zero Delivery Body, and a call for a National Investment Bank. There is also a need for implementers and programme managers that can translate national ambition, combined with public policy and finance, to ensure delivery on the ground.

Alternatively, BEIS could fund an expanded UK challenge fund to stimulate and kick-start other City innovation, investments and instruments. These must at the same time deliver "shovel-ready" (and "shovel-worthy") local projects, social benefits and green credentials. Asset owners have a growing appetite for high quality ESG (environmental, social and governance) investments. Market-leading skills in green finance within the City will need to be leveraged with complementary public funding,

Talent in the City and British financial institutions can be incentivised to capture and direct those funds, through green bonds, green funds or direct investments, for project across the whole of the UK, not just London and the south east.

4. Green Recovery and Net Zero

The lessons of lockdown for approaches to sustainable growth should not be lost. Continuing to reduce the UK's carbon footprint must remain a central focus, building on behaviour change which has been enforced over the last few weeks.

Setting clear goals and a plan to achieve them will help to deliver Net Zero objectives. These could include:

- The aim to be the world leader in Green-Tech to export to the rest of the world, with specific areas of focus defined within this.
- Academia, industry and relevant departments such as Defra galvanised to work together on key challenges. For example Cambridge University Centre for Climate Science; Portsmouth University work on PETase to combat single-use plastics.
- Combining this with the Levelling Up and Infrastructure Agendas to create Green Clusters of Excellence outside London and the South East
- Considering community micro projects to generate local participation and benefit from local green investments in renewable energy, waste reduction etc.

Such a strategy will have clear implications for:

- priorities for investment, including in future energy generation including for domestic heating;

- providing clear measurements for green outputs so they become integral to recovery goals;

- sustainable transport, for example including more EV charging infrastructure at a time when, in the short and medium term at least, public transport use is likely to remain lower (see below); and

- the way in which all goods and services are procured.

Applying, investing and mobilising the following initiatives will enable the country to benefit from the energy telecommunications infrastructure (the system's digital backbone) established by the Data and Communications Company (DCC) for Smart Meters that extends across the whole of Britain:

User Cases	Economic, social and decarbonisation benefits
Automated switchable Heat	▪ Heating, ventilation, and air conditioning (HVAC) end points can monitor heating and cooling systems within the house, and by linking to the grid via the DCC can automatically switch to green alternatives, gas to electric heating, when the gird is running on renewables. Trials show 30% + reduction in home carbon foot print and new economic growth for the development and installation of switchable heat pumps.
Flexible Energy System	▪ Microgeneration: Power generated by residential, commercial and community users through small-scale installations of power-generating equipment, such as solar, wind and ground source. ▪ DCC meters enable microgeneration trading via import and export tariffing.
Social Care / Tele-Health	▪ Comprehensive Living Solutions: Energy usage data in a person's home can be used to detect behavior which indicates a person is unwell and generate alarms. Trials underway with the DCC ▪ Improved home social care would reduce cost for health care and stimulate a home care market
Smart transport Electric Vehicles Charging	▪ EV Charging points: Publicly available and residential charging points for electronic vehicles with full interoperability linked to the grid to enable energy management. ▪ Ease of use. Consumers or public health visitor able to plug into friends or patients home EV charging units and be billed accordingly.

The next 18 months are critical, as the substantial funds applied to recovery must lead to a greener, cleaner, and more resilient future economy. A combination of blended public finance, innovation in green finance, and programme delivery, will be key to realising these ambitions.

Energy Management

With the restart as the UK emerges from lockdown, focus should be given to the 'demand side management', with encouragement for companies and organisations to look to embed energy management within their restart strategy.

As well as capital investment (see earlier section) such energy management can focus on evolving space usage and the assessment of potential savings and building optimisation. By managing energy consumption more effectively, there are more opportunities for cost reduction and increased efficiency, extension of asset lifecycles, and the implementation of sustainability strategies.

Many organisations may not be aware of the importance of these issues. There is a role for BEIS in signposting to practical advice.

Incentivisation and/or support funding will also enable adoption of technologies. Particularly as the price of gas has reduced, the financial incentive to switch from traditional gas-fired boilers and kitchen equipment to electric alternatives or more expensive renewable technologies may otherwise be reduced, setting businesses and the country as a whole back against net zero targets.

Local/regional support networks can be implemented to allow organisations access to relevant and appropriate information and possible localised incentives to implement measures and practices, something which is particularly important for SMEs. There may also be a role for regional league tables to chart progress. The introduction of 'Approved Low Carbon Zones' will help to initiate a level of achievement and competition.

EV Infrastructure

One particular priority is EV infrastructure - having the right types of charge points in the right places. This is imperative for both private vehicle purchases and businesses transitioning to electric fleets. Some 80 per cent of charging takes place at home. However many employees do not have access to off-street parking, significantly hindering the ability to switch to an EV. Range anxiety also means many people will only travel to a destination to which they know they can make a return trip with only one charge, as they are not confident they will be able to find a charge point and refuel their vehicle for longer journeys.

Increased investment in EV charge points for on-street and communal parking would address these barriers, driven by central government to ensure all local authorities can take consistent action and that those in more urban or deprived areas are not left behind.

Supporting EV infrastructure should also be at the heart of local authority road planning. One way forward would be to change planning legislation to require that any maintenance conducted on a street should include the installation of an electric vehicle charge point – for example, by adding charging capability when installing new streetlights.

These initiatives would make the decision to switch to an EV much easier for both businesses and private motorists, avoiding a patchwork approach to charge point installation and correcting the current postcode lottery that sees the residents of the most urban areas, often with poorer air quality, least able to switch to an EV. It would also support job creation, both through the development of charge point technology and the installation of charge points; provide a boost to the UK's charge point industry, which consists of many small or start-up businesses; and cement the UK's position as a leader in large-scale EV transition ahead of COP26 in November 2021. This infrastructure would also enable the Government's ambition to phase-out date the sale of internal combustion engine cars and vans by 2035.

Meanwhile, although the financial case for electric cars is clear, more incentives could support a commercial vehicle transition to EVs. On a whole life cost basis, these models are still more expensive than their diesel equivalents, as there are no National Insurance Contribution savings for employers. Offering further financial support for electric commercial vehicles, such as NI savings or additional grants, would assist large fleets to switch their vans to electric more quickly.

Heat and Energy Generation

Decarbonised heat and decentralised energy represent viable routes toward green expansion and employment growth and will contribute towards carbon reduction. All major UK cities should have strategic heat network strategies in place by 2030.

For the first three months of 2020, renewable overtook fossil fuels in the provision of the UK's power supply. These are the technologies of the future and should be treated as such rather than the poor relation of the fossil fuels.

An excellent example of how higher decarbonisation targets could accelerate the energy transition is the NHS where new investment is needed in an aging infrastructure. This sector, out of all the public services, has been pioneering the low carbon approach over the past decade, with the development of a more ambitious Energy Performance Contract. Now is the time to stimulate the marketplace and encourage new projects, keeping the sector active and ultimately supporting sustainable long-term employment.

Waste and Resources Investment

The UK Resources Council, via the sector plan development, estimated that the UK waste and resources sector is ready to invest £10 billion over the next 10 years to deliver the initial infrastructure identified in the plan to provide sustainable resource management capacity and secure the supply of secondary materials. Another £10-20 billion would follow to support the transition to Net Zero in the waste and resources sector.

Two examples of where greater visibility of the project pipeline would help are:

- Direct Procurement for Customers (DPC), scheduled to deliver three water infrastructure projects over the next two years. Ready to go projects (e.g. Welsh Water) would deliver growth in some of the regions and nations most likely to benefit from new investment.
- Within the MOD, the 'smart bases' concept would drive ambitious resource efficient service delivery.

We support the Government's existing plans in its Government's Resources & Waste Strategy, which provides the platform for expanding the sector on sustainable foundations. We would call for it to progress rapidly toward implementation. Councils would otherwise face an even bigger burden from the cost of recycling packaging. The onus must therefore be placed on delivering the new Extended Producer Responsibility scheme which squarely puts the onus on producers to redesign packaging in a more sustainable way to reduce its financial and environmental costs. Equally importantly the other measures within this integrated approach need to be implemented too - the new Deposit Return Scheme (DRS), collection harmonisations and clear and consistent labelling.

We also call on the Government to implement the Plastic Packaging Tax by April 2022 as planned, as this world leading initiative is a tremendous stimulus to investment. It demonstrates the contribution that reprocessing our own waste and recycling can make to the UK economy. A recent study by RECOUP suggests that the UK's reprocessing capacity may need to increase by 100 per cent to meet 30 per cent recycled content in all household plastic packaging placed on the market. Even before reaching the statute book, the Tax has stimulated a wave of plastics recycling investment.

The Plastic Packaging Tax is needed now more than ever. There are fears plastic recycling will cease to be economically viable following the crash in oil prices brought about by the coronavirus pandemic - resulting in prices of virgin polymers being at a record low.

Sustainable Supply Chains

The COVID pandemic has also revealed the criticality of supply chains in a globalised world. This applies especially to the food sector, where the latest "Risker Business" report by WWF has highlighted the UK's ever-growing footprint of imported commodities. Palm oil, rubber, cocoa, timber, beef and similar now require an area equivalent to 88 per cent of the UK's land area to meet our needs. The independent Global Resource Initiative report – now with government – proposed policy, regulatory, standards, and finance measures to move to more sustainable and less risky supplies. Again, financial innovation has an important role – such as the recommendation for a sustainable commodity import guarantee scheme, in order to reduce the cost of trade finance for sustainable agricultural production.

The UK has a unique leadership role in 2021, chairing both the G7 and the COP-26 climate conference. Both will help shape tomorrow's world and the UK's leadership position over the next decade of climate action. This is an opportunity to help realise internationally shared commitments at COP-26, and provide opportunities for UK skills, technologies and green expertise to be utilised in some of the fastest growing economies of the world.

The Role of Public Procurement

Sustainable public procurement guidelines can stimulate a critical mass of demand for more sustainable goods and services. By leveraging government purchasing power to choose goods and services that have less of an impact on the environment, public authorities can make an important contribution to sustainable consumption and production.

Public procurement can also act as a strong stimulus for eco-innovation by providing clear long-term pipeline visibility and then incentivising the development of sustainable technologies and products. Requiring suppliers to meet certain environmental standards would stimulate innovation and encourage companies to develop new products with enhanced environmental performance.

An important component of this work is collection and publication of quality data. With the right data, it is possible to profile the current CO2 of individual contracts across the board, and to identify alternative sources of supply or steps to improve the current consumption of CO2 within each contract.

Programmes of change can be rolled out according to exactly when the existing carbon-heavy contracts expire. Through modern analysis of public procurement data, Governments will be able to direct spending to achieve distinct, measurable CO2 reductions.

Tax Incentives

In addition to the taxation points above, members expert in this area have suggested a carbon tax on carbon intensive activities would accelerate the shift to low carbon solutions - in the belief that It should not be the case, as it often still is today, that polluting is cheaper than not polluting.

They suggest a carbon tax on peat production is a priority, which in turn will accelerate the move to peat-free compost. At the same time this approach will help to preserve ecologically important peatlands, natural carbon stores, estimated to contain around 584m tonnes of carbon in England alone.

Regulatory Incentives

Compliance to legislative programmes can result in organisations just doing the bare minimum to meet the criteria. Therefore any mandated requirements need to be both ambitious and also have an incentivisation environment to encourage effective participation.

5. Innovation and the Future of Industry

Public procurement reform has an important role to play in encouraging innovation.

Detailed open data about the performance of suppliers – whether they are public, private or VCSE sector - is critical to encouraging innovation in public markets. So is encouraging a wide range of suppliers when tenders are issued; yet it has been estimated that one in five tenders receives just one bid and the average number of bids on public tenders is falling.

One lesson from COVID-19 is the use of the Accelerated Innovation Partnership model, which delivered rapid progress in the initial stages - for example ventilator manufacturing. It can help to spur innovation and therefore economic recovery in other areas, including clean growth.

Some public sector authorities have had a tendency towards risk aversion, for understandable reasons given the importance of front-line service continuity and of good stewardship of public money, and the rightful demands of democratic accountability.

Yet in the response to the pandemic, rapid change will be essential. The challenge will be to enable disciplined and focused innovation which delivers tangible results, along with encouraging scaling and replication of change, balanced with fair and equitable treatment of risk.

In the last few weeks government has worked collaboratively with BSA members who deliver programmes on their behalf to adapt services rapidly so they are delivered digitally. For example, this may involve moving face-to-face employment and skills programmes online, using video chat platforms and social media. Embedding this multi-channel, flexible approach in the longer term, for both existing and future programmes, will be important to support isolated and vulnerable groups, avoiding the risk that inequalities are further entrenched.

Catapults do potentially have a greater role to play in encouraging innovation, procuring innovative services so that they can pass through development and into working prototypes before engaging with public bodies.

R&D spending should not just be in the big London and Southern universities but spread around the country - and not just in the HE sector. Such spending must be linked both to the move to a low carbon economy and to the regional levelling up agenda.

The Role of ICT

Meanwhile ICT services organisations have been vital in keeping the economy going during the lockdown period. Digital innovation has made great advances as a consequence of COVID-19 and there is now an opportunity to secure and build upon it, especially through investment to ensure its benefits are spread and are available equally to all.

This means adopting a human-centred approach, in which digital in harnessed to support wider goals rather than being seen as an end in itself.

In the recovery phase, a focus on ICT can be used:

- as an area of high and ongoing growth. One suggestion is the creation of Enterprise Zones following the end of the lockdown that are focused on using digital technology to aid entrepreneurs;

- as an enabler of economic growth across the board. Government can help businesses to build on those digital transformation projects which have already been accelerated in response to COVID-19 and which will need to continue to do so if businesses are to be future-proofed. Technology services can help to reset business and employee work environments. Examples include remote monitoring, intelligence gathering and communication, workplace sensors and consumer workspace apps;

- to improve sustainability and industrial resilience in areas such as 3D printing or additive manufacturing, which are becoming a core need and can play a greater role in our industrial strategy going forward;

- to help ensure regional inequalities are overcome rather than entrenched during the recovery from lockdown, by enabling business to use the power of big data to overcome local challenges and restrictions, and by extending access to training and other services for those who may long have lacked the means to travel long distances to access them; and

- within government itself, with an acceleration of digital transformation programmes to help to ensure continued and improved access to essential services.

Meanwhile all stakeholders need to work together to improve digital access and education for left behind groups as a matter of urgency.

Government should ensure that investment in digital infrastructure is appropriately prioritised as part of both the levelling up agenda and its wider work to get the British economy going again.

Postscript: The Importance of Collaboration and Public Procurement

For the foreseeable future there are likely to be shortages in both capability and capacity, as a result of public sector budgets being diverted into emergency areas, and whole sectors - and the people who depend on them for jobs and livelihoods - being severely and unavoidably hit, despite the best endeavours of policymakers with schemes such as the Job Retention Scheme.

That means all stakeholders which retain such capacity and capability drawing together in common endeavour, including larger and smaller businesses and VCSE organisations alike. The convening role of local, devolved and national government will therefore never have been more important.

The role of the private and VCSE sectors will include:

- contributing to jobs and training;

- support, capacity and advice in helping the public sector maximise or reconfigure existing services, provide specialist advice in areas like technology, or help with strategic overview;

- also providing such support, capacity and advice to other private and VCSE organisations in the community, especially those which are smaller. Larger organisations have particular role in helping – and a responsibility towards - SMEs and VCSE organisations who they partner with or who are part of their supply chains. That in turn means public sector organisations need to find ways to maintain realistic support measures to help both; and

- partnering in finance and investment itself.

Public sector organisations have huge ability to use the tool of public procurement to encourage such collaboration and so achieve their priority objectives on investment and on sustainable and inclusive growth.

Key to this is making sure strategic leadership teams are aligned with procurement teams and policies, so commissioning decisions are driven by value and by local priorities - and not simply by lowest cost.

Doing so can help meet recovery objectives on:

- people, with a focus in award criteria on enabling existing local employees to upskill and move up the career ladder, and / or those further away from the local labour market to be employed and trained, including groups hit hardest by the pandemic and who may already have been under-represented in employment;

- sustainable growth; and

- the local economic environment. All types of organisations have a role to play in recovery and in rebuilding the economic and social infrastructure of a Place.

Despite good progress in recent years, there is still a shortfall in quality of data in and around public procurement. For instance, according to one analysis of public spending data, around 60 per cent of public contracts are not published in Contracts Finder. It is often difficult to see precisely who has won a contract and by what mechanism the contract was awarded, or what is required of the supplier delivering the contract. There is a significant opportunity to conduct much greater analysis of our public contracting, so that we can better understand the impact of the procurement decisions that are being made and deliver much better outcomes for service users and the economy at large. The Government has the ability to drive growth, increase jobs and reduce carbon with the money it spends with suppliers, but it can only do this if it can access good data on what is spent by public bodies.

Specific ways in which delivery can be accelerated in the short and medium term are listed in the full note on Levelling Up, attached.