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techUK

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For the attention of the Rt Hon Liz Truss MP and Rt Hon Rishi Sunak MP

Letter to the next Prime Minister from techUK CEO Julian David

Dear Liz Truss and Rishi Sunak,

I am writing to you as you think ahead to the outcome of the Conservative Leadership contest and the prospect of entering Number 10 Downing Street as the next Prime Minister of the United Kingdom.

This leadership contest has highlighted that the UK faces a difficult road ahead. The next Prime Minister will face the challenge not only of how to restart growth and tackle the cost-of-living crisis but also to set out a plan to address the longer-term strategic questions that we face. Such as how to secure our place in a more economically competitive and less secure world and address the long-term crises of low productivity, regional inequality, and the effects of climate change.

In this context it is welcome to see two strong advocates for the UK tech sector make the final of this race. The UK tech sector is one of our modern economic success stories. The sector's contribution to the UK has grown fast. Since 2010 our overall value add to the UK economy has increased by more than 25%. The most recent estimates show that UK tech now employees 1.7 million people adding over £150bn to the economy every year. The Government's own estimates show, that if our sector is well supported, we could add a further £41.5bn by 2025, creating 678,000 more jobs.

UK tech is not only a driver of growth in its own right, the application of tech to the wider economy and our public services has huge potential rewards. Virtually every economic sector and every public service has a plan for growth and improvement based on increased digitisation and the deployment of digital services. Recent economic modelling has shown that boosting tech use by SMEs could see up to £232bn added to the UK economy every year, while digitising healthcare has helped some NHS trusts reduce inpatient waiting times by up to a third.

However, while the benefits of tech are clear, our pathway to delivering them is fragile. A poor economic outlook and extreme competition from rival countries who want a slice of the UK's tech success means the future benefits the sector can bring are not a given. Ensuring we seize the opportunity will require the next Prime Minister and their Cabinet to take action to champion the case for UK tech.

As you look ahead to your first days in Downing Street, we see five areas for action the Government can take to support UK tech and leverage the sector to meet the challenges we face. Each of these presents an opportunity, but also a risk. If we fail to act the UK's success in tech could stall with costs, not just for a UK success story, but our wider economy and society.

Five key areas for action:

Boost business investment in the UK: the UK is behind in the G7 and the OECD when it comes to business investment. Turning this around will be vital to support growth in the tech sector and beyond. Doing so means incentivising capital, skills and innovation investment through the tax system to boost productivity, as well as reforming financial markets to address the UK's £15bn per year scale-up gap.
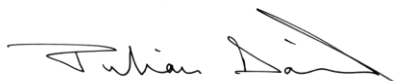
Make the UK a science and technology superpower: leading in AI, Quantum and semiconductor technologies is vital to our strategic success in a more economically competitive and less secure world. The UK will fall behind if we limit our access to the best talent and fail to build a regulatory system that supports innovation. Sponsoring testbeds, sandboxes, the delivery of ARIA and ambitious post-Brexit reforms to give innovative companies access to the talent and the data they need will be key.

Enable a successful digital society: we risk missing our targets for broadband rollout and hampering communities' ability to embrace the online world. Deploying superfast connectivity at speed is essential and the Government must draw down the remaining funds from project gigabit to deliver this. We are one of the most online populations in the world, but we risk damaging our thriving internet economy and society if the long-awaited Online Safety Bill is unworkable for the millions of internet users and the over 24,000 businesses in scope. Ensuring a clear regulatory framework will be essential for this reform to achieve its aims without damaging investment and growth.

Drive forward the digitisation of our public services and innovate to meet net-zero: without digitisation addressing backlogs in our public services will be an uphill struggle. The Government needs to establish a taskforce to deliver the £2.1bn committed to the digitisation of the NHS as well as seizing the opportunity to cut emissions by 15%, reduce energy bills and add £13.7bn to the economy by 2030 through investment in green tech and modernising the energy grid.

Level-up the UK by building an economy where everyone can succeed: levelling up won't happen without the revolution in skills and training needed to address our acute digital skills crisis. techUK members have proposed seven recommendations to achieve this in our report Fast Forward for Digital Jobs. By reforming the apprenticeship levy, creating a right to hybrid working and focusing on the building blocks of Local Digital Capital we have the opportunity to fill hundreds of thousands of job vacancies across the country, getting people into digitally skilled roles that pay on average £62,500 a year.

Yours sincerely

Julian David

Julian David, CEO