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BRIDGING THE GAP BETWEEN GOVERNMENT AND THE BOARDROOM

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About the Fellowship

The Heywood Fellowship is a visiting fellowship created in memory of Jeremy, Lord Heywood, Cabinet Secretary from 2012 to 2018. The purpose is to give a UK Senior Civil Servant the opportunity to explore issues relating to public service and policy outside of the immediate responsibilities of government duties. The Heywood Foundation and the Blavatnik School, University of Oxford, established the Heywood Visiting Fellowship with support from the Cabinet Office. The Fellow is associated with Hertford College, Lord Heywood's former college.

The 2025-26 Heywood Fellowship set out to consider a refreshed UK strategy for navigating the changing Global Economic Order at this pivotal moment in time. It sought to explore the UK's long-term needs and objectives, identify current and future challenges, and propose innovative policy approaches which would enable the UK to navigate and flourish through this pivotal moment and into a new era.

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The Heywood Fellowship Team

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Martin Fitches – Visiting Practitioner. Martin has an extensive international and trade background, most recently as Co-Director for US trade policy at the Department for Business and Trade leading the UK's response to US tariffs. Martin has held a range of senior trade policy roles since Brexit, including as Deputy Director of Multilateral Trade Policy and the WTO.

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SUMMARY

In a changing Global Economic Order, this paper examines how the relationship between business and the state in the UK needs to change in order to adapt to these new realities. In section one, we assess the current state of the UK's model and its unique features, and identify specific strategic weaknesses for the model in this new age. In section two, we make the case for a new partnership between UK business and government based on a greater sense of reciprocity, and recommend a range of actions to better understand the 'anchorage' of businesses in the UK, actions to build a greater shared understanding of the world business and government are jointly navigating, and actions to build greater alignment in the most geo-strategic sectors and capabilities of the economy in the form of a new UK Global Strategic Industries Group. We have based our research on extensive engagement with over 100 UK businesses and industry bodies, including structured interviews with 12 senior and experienced business leaders, the study of other countries' approaches and models, and our own analysis of 30 of the UK's most strategically important businesses. These insights, coupled with extensive engagement with government, inform our findings and recommendations. Importantly, we recognise that an effective relationship between government and business goes much wider than navigating a changing Global Economic Order and this paper is designed to make a contribution to a much wider debate. Lastly, many of our wider ideas and proposals reflect our insights from business engagement and involve close collaboration between government and business, and the spirit of this paper should be applied to how these initiatives should be taken forward.

UNDERSTANDING THE CHALLENGE FROM A UK PERSPECTIVE

1. A short background

For much of the post-Cold War period, the roles of government and business were relatively clear in the western world and the UK. Governments focused on creating the conditions for growth through stable institutions, open markets and limited intervention. Businesses focused on generating value for shareholders through investment, innovation and competition. While neither side operated in isolation, the relationship between them was largely transactional. Governments regulated, taxed and occasionally intervened; businesses invested, employed and innovated. The boundary between economics and statecraft was relatively clear.[1]

That boundary is becoming increasingly blurred. Economic activity is increasingly used to pursue geopolitical objectives. Governments are deploying tariffs, sanctions, investment screening, industrial policy and technology restrictions to shape economic outcomes. Strategic competition increasingly plays out through supply chains, infrastructure, critical technologies and private companies. Businesses are no longer simply participants in the international economy, they are increasingly affected by, and sometimes instruments of, statecraft. This has profound implications for the relationship between government and business. Governments increasingly require information, expertise and capabilities that reside within the private sector. Businesses increasingly operate in environments shaped by geopolitical tensions, economic security concerns, industrial policy and strategic competition between states. Issues that once sat primarily within government, such as resilience, technological advantage, strategic dependency and national security, are now routinely discussed in boardrooms. Equally, governments are taking a greater interest in areas of business activity that were once regarded as largely commercial decisions.

The challenge is particularly acute for the United Kingdom. The UK's model of engagement between government and business was built for a different era. It evolved in a world where markets were assumed to allocate resources efficiently, geopolitical competition played a relatively limited role in economic decision-making, and governments generally preferred arm's-length relationships with business. The strengths of that model remain considerable. It has helped make the UK one of the world's most open, innovative, trusted, predictable and internationally connected economies. However, it has also left the UK with a relationship that is often informal, transactional and lacking in the institutional depth found in many comparable countries.

[1] This is true for most of the economy although there have always been exceptions, such as defence where governments act the sole customer.

2. What UK businesses have told us

Engagement with business has been a core research method used by the Heywood Fellowship. We have engaged with over 100 businesses through roundtables, workshops and seminars. We have supplemented this through 12 structured interviews with senior leaders from across the UK economy, including defence, telecommunications, technology, life sciences, financial services and energy. **See Annex A for more detail on the methodology.** Despite representing different sectors and operating models, a number of strikingly consistent themes emerged. Collectively, these interviews suggest that many business leaders have already adapted their thinking to a more contested world. They increasingly view resilience and geopolitical risk as core business concerns rather than issues for government alone. At the same time, they believe the UK's existing relationship between government and business has not evolved sufficiently to match this new reality. We identified four key themes which we believe are critical:

The UK has an abundance of strengths and assets, but it needs to nurture and mobilise them better.

Across sectors, business leaders were strikingly positive and consistent about the UK's underlying strengths. Interviewees pointed to a powerful combination of world-class universities, scientific excellence, deep capital markets, globally competitive firms and strong international networks. Few believed the UK lacked the assets required for long-term success. Instead, leaders questioned whether the UK is sufficiently effective at nurturing, scaling and mobilising those strengths. While Britain remains highly successful at generating talent, ideas and innovation, it is often less successful at converting them into sustained commercial and strategic advantage.

Talent is the UK's greatest strategic asset.

The most commonly cited source of UK advantage was talent. Interviewees repeatedly highlighted the strength of British universities, research institutions, specialist clusters and scientific capability. These assets were viewed not simply as inputs into economic growth but as strategic capabilities that underpin the country's future prosperity and competitiveness. Importantly, leaders did not only see talent as a labour market issue, they viewed it as one of the foundations of national advantage and as a prerequisite for success in sectors ranging from advanced life sciences and semiconductors to artificial intelligence and defence. Across sectors there was broad agreement that maintaining and strengthening these capabilities should be a national priority.

Resilience is replacing efficiency.

Business leaders increasingly described a world in which resilience, preparedness and adaptability have become sources of competitive advantage. Several suggested that the challenge is no longer identifying unknown risks but managing the cumulative effect of multiple known risks operating simultaneously. This mirrors a broader shift in international business thinking. Former MI6 Chief Sir Richard Moore recently argued that leaders should focus less on hypothetical "black swan" events and more on the compounding effect of risks they can already see, observing that "resilience eats efficiency for breakfast[2] ."

Businesses want a more strategic relationship with government.

Interviewees consistently asked for greater strategic clarity, deeper dialogue, stronger relationships, earlier engagement and more meaningful partnership. Several expressed frustration that engagement with government remains heavily focused on transactions, consultations and immediate policy issues rather than long-term strategic questions. Many felt that government often approaches business when it requires something, rather than as part of a continuing dialogue about shared challenges and opportunities. The strongest message was therefore surprisingly simple: we want to do more - ask us.

3. What other countries do and how it is changing

The UK's debate about the relationship between government and business often starts from a false assumption: that there is a clear dividing line between free-market economies and state-led economies. Whether liberal market economies such as the United States and Australia, coordinated market economies such as Germany and Japan, or smaller open economies such as Norway, governments are doubling down on their relationships with business and expanding the tools available to protect economic security, technological advantage and national resilience. Many already start from a position of a much more intertwined state-business model. The lesson here is not that there is a single international model that the UK should seek to replicate, but that the UK is an outlier in terms of the arms-length nature of the relationship of between government and business, and even so the majority of the UK's peers and competitors are increasingly converging around a similar conclusion: economic resilience and global competitiveness require closer alignment between government and business than was assumed during the height of globalisation.

2 https://fortune.com/2026/08/11/ex-mi6-chief-richard-moore-biggest-risks-for-ceos/?utm_source=native_share&utm_medium=mobile&utm_campaign=social_share

Our research has involved visiting South Korea, Japan, the USA, Canada, France, Germany and Brussels, as well as engagement with officials and businesses from a wider range of countries, and desk research specifically on the Japanese, German and US models. The Heywood Fellowship offers three key observations on how other countries approach the relationship between business and the state compared to the UK:

Other countries have built stronger channels between government and business.

One of the clearest differences between the UK and many of its peers is the existence of more durable channels linking government and business. Germany provides perhaps the most institutionalised example. Through organisations such as the BDI (the German Federation of Industries) and the nationwide IHK chamber system (the German Chamber of Industry and Commerce), government has a structured mechanism for understanding business concerns, gathering information and developing long-term economic strategy. Representation extends well beyond major corporations and provides a permanent channel between the state and businesses of all sizes. Japan achieves something similar through a different route. Longstanding relationships between ministries and industry, extensive personnel exchanges and a culture of administrative guidance create deep reservoirs of trust and information-sharing between government and the private sector. The United States relies less on formal representation but has developed extensive networks linking government, industry, investors, particularly in the defence and technology sectors.

Other countries are more comfortable exercising state power.

Other countries tend to already possess more tools and levers to direct and influence the behaviour of the private sector and where they do not already have the tools they need, they are less hesitant about acquiring them. In the United States, longstanding powers such as the Defense Production Act are being used more actively alongside strengthened investment screening, outbound investment controls and industrial policy initiatives such as the CHIPS programme. Australia has integrated industrial policy, investment screening and critical infrastructure resilience within a broader economic-security legal framework. Japan's Economic Security Promotion Act links critical technologies, supply chains, infrastructure resilience, public-private technology development, and increases the requirements on information sharing and reporting by business. The UK has and is developing many of these tools too, but the lesson here is that other countries treat these as more normal than perhaps we do in the UK.

Culture matters as much as institutions.

Institutional comparisons only tell part of the story. Countries do not simply have different legal powers. They often have different assumptions about the appropriate relationship between government and business. Germany's model reflects a belief that structured cooperation between government, industry and labour is both normal and desirable. Japan places considerable value on long-term relationships between ministries and firms. In many countries, such as South Korea, there is a stronger sense of national endeavour. In France, the state retains significant shareholdings and regulatory influence in core national sectors including energy, transport, and defence. In contrast, the UK has championed and prided itself on a distant relationship between business and the state and seen this as a positive attribute of UK life.

Despite their differences, countries across the developed world are moving in a similar direction. They are building stronger relationships between government and business, creating better channels for information-sharing, and developing new tools to manage economic security, resilience and strategic competition. There is no one-size fits all model and each model has to reflect the history and cultural norms of the specific country. However, we can learn that other countries see a close relationship between business and government as very normal and that arguably, in a more contested world where a stronger partnership is needed, they start from a stronger position.

4. Understanding the UK business community and its motivations and incentives

Our research has revealed that the UK possesses only a partial picture of the firms and capabilities that underpin its economy. ONS statistics provide valuable information about foreign investment, ownership structures and inward investment flows. They lay bare the extent of foreign ownership in the UK economy and show an evolving and growing role of foreign ownership and investment in recent years[3] . However, the statistics tell us far less about the factors that increasingly matter in a world of geopolitical competition: where firms generate value, where capabilities reside, where decisions are made, and how strongly important businesses remain connected to the UK economy. Therefore, in order to build a stronger relationship with business, government must develop a better understanding of the business community with which it is seeking to engage.

In order to test our assumptions, the Heywood Fellowship identified a population of thirty economically and strategically significant UK-headquartered firms. **Annex B describes our methodology.** Our objective was to explore the motivations and incentives of UK businesses and ultimately understand how strongly important companies and capabilities are anchored to the UK. Our research revealed the following key insights:

[3] https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/articles/annualbusinesssurvey/2021

More than half of the UK's most important UK-headquartered firms are predominantly both foreign-owned and globally oriented.

Applying two simple tests to our sample:

- → More than **75% foreign ownership**; and
- → No more than **25% of revenues generated in the UK**;

identified 17 of the 30 firms. In other words, approximately 57% of the UK's most economically and strategically significant UK-headquartered commercial firms are neither primarily owned by UK investors nor primarily dependent on the UK market. These firms span finance, pharmaceuticals, technology, mining, consumer goods, information services and energy. Together they contribute an estimated £100 billion in UK Gross Value Added, equivalent to more than 3% of UK GDP.

Many of Britain's most important firms derive less than 10% of their revenues from the UK.

Many globally significant UK-headquartered firms generate only a small proportion of their revenues from the domestic market. These firms remain extremely important to UK prosperity. They provide employment, tax revenues, investment, research activity and international influence. However, their commercial incentives are shaped primarily by overseas customers and global market conditions rather than domestic demand.

Some of the UK's most important strategic capabilities are sustained primarily by overseas markets.

Among the firms with the lowest levels of UK revenue dependence are several companies that possess capabilities widely regarded as strategically important to the UK's long-term prosperity and resilience. These are firms that contain intellectual property, scientific expertise, engineering capability, specialist talent and organisational knowledge that would be difficult and costly to recreate if lost. Yet in each case the overwhelming majority of commercial demand comes from overseas markets.

In summary, a conventional distinction between 'British' and 'foreign' businesses does not work. Many of the UK's most important firms are headquartered in Britain, employ large numbers of people in Britain, contribute significantly to British prosperity and pay significant taxes in Britain. At the same time, many are overwhelmingly owned by international investors and derive the vast majority of their revenues from overseas markets.

Most critically, for the purposes of this paper, our main insight is that the UK has a business intelligence gap. While the UK already collects data on foreign ownership, foreign direct investment, ultimate controlling ownership and foreign affiliate activity, these datasets only answer a relatively narrow set of questions and tell us comparatively little about how firms behave, how dependent they are on the UK market, where strategically important capabilities are located, or what incentives shape corporate decision-making. At a time when governments are increasingly concerned with economic resilience, strategic dependencies and national capability, the UK lacks a comprehensive understanding of the businesses and capabilities that underpin those objectives.

5. The strategic challenge for the UK

Taken together and against the backdrop of a more contested and volatile world, our research reveals an urgent need for a more sophisticated relationship between the government and business in the UK. The challenge for the UK is not that it lacks economic strengths, rather the UK's existing arrangements leave it less well equipped than many of its peers to operate in a more contested international environment. The Heywood Fellowship suggests that there are three key weaknesses that should be tackled:

The relationship remains **too transactional and short-term**

Our interviews suggest that many business leaders are looking for a more strategic conversation. They want greater understanding of government priorities, better visibility of emerging risks, and more opportunity to contribute to long-term thinking rather than engaging only when problems arise.

The relationship **lacks reciprocity**

The UK's model often oscillates between two approaches. At times, business approaches government seeking support, certainty or intervention. At other times, government approaches business seeking investment, growth or assistance in responding to national challenges. Neither constitutes a genuine strategic partnership.

The UK has **fewer levers** than many of its peers

Other countries have developed a broader range of capabilities, including structured channels between government and business, resilience obligations and information-gathering powers and robust mechanisms for safeguarding strategically important assets and capabilities. The UK has begun moving in this direction through measures such as the National Security and Investment Act and wider work on economic security and resilience. However, its toolkit remains comparatively limited and fragmented.

THE FOUNDATIONS OF A NEW PARTNERSHIP APPROACH

1. Building reciprocity and trust

In a more contested world, both government and business increasingly possess capabilities, information and resources that the other requires. Government has access to intelligence, diplomatic networks, regulatory powers and strategic foresight. Business often possesses operational knowledge, technological expertise, international market insight and a significant share of the capabilities upon which national prosperity and resilience depend. Ultimately, however, business and government do not see themselves as equal partners and behave accordingly. Neither party truly shows the other the respect required to drive long-term national prosperity. Therefore, the Heywood Fellowship suggests that as a very first step, the very basis of the relationship needs to be reset: a stronger relationship requires a clearer understanding that rights and responsibilities move together.

We suggest that:

Government should commit to:	Business should commit to:
Providing greater strategic clarity about long-term national priorities.	Investing in resilience and preparedness.
Sharing relevant information and insight on geopolitical risks and opportunities.	Sharing market insight and expertise.
Supporting the development of strategically important capabilities.	Contributing to the development and retention of strategically important capabilities.
Creating more predictable conditions for long-term investment.	Considering the wider implications of major decisions for UK economic resilience and security.
Mobilising the UK's diplomatic, financial and regulatory assets in support of national objectives.	Maintaining a meaningful stake in the UK's long-term success.

Any proposal for closer cooperation between government and business inevitably raises concerns about regulatory capture, favouritism and cronyism. The UK's healthy scepticism towards excessively close state-business relationships reflects important principles of transparency, fairness and competition. These should not be discarded, but complete separation is no longer realistic. Governments increasingly require information and expertise that only business possesses, while businesses increasingly operate in strategic environments shaped by government action. A useful principle for the UK to adopt is what Peter Evans has described as 'embedded autonomy'[4]: a state that is sufficiently connected to business to understand opportunities, risks and constraints, while remaining sufficiently independent to act in the wider public interest. In practice, this means:

- Access to business expertise without allowing business to dictate policy
- Structured engagement rather than informal influence
- Representation through sectors and institutions rather than privileged access for individual firms
- Evidence-based decision-making rather than lobbying-led decision-making
- Transparency and accountability in how strategic partnerships operate

Taken together, reciprocity and 'embedded autonomy' provide the foundations of a stronger relationship between government and business.

2. Building understanding and relationships at whole-of-economy level

Not every company is a strategic asset and not every sector requires a bespoke partnership with government. Yet the geopolitical, technological and economic changes outlined in the Heywood Fellowship's wider work affect almost every business operating in the UK. The challenge therefore extends beyond a small group of strategically important firms. It requires a broader shift in how government and business understand one another, share information and prepare for future risks and opportunities. The Heywood Fellowship recommends three key areas of focus at a-whole-of-economy level:

Studying and monitoring 'business anchorage'

The UK simply does not study this question systematically. A recent academic review 'the impact of foreign ownership on firms: a systematic literature review'[5] concluded that while much is understood on the positive benefits of foreign investment and ownership on innovation and productivity, far less has been studied on other impacts, including in relation to how geopolitics is changing the nature of foreign ownership.

The Heywood Fellowship, therefore, recommends the development of a 'Business Anchorage Framework' to supplement existing ownership and investment statistics.

[4] Book: Embedded Autonomy: States and Industrial Transformation by Peter Evans.
[5] https://link.springer.com/article/10.1007/s11301-025-00504-w

The objective would not be to classify companies as British or foreign, rather, it would seek to understand the nature of their connection to the UK and the strategic implications of those connections. Such a framework could incorporate:

- Ownership and control
- Revenue geography
- Employment geography
- Investment (inward and outward) geography
- Research and development activity
- Location of intellectual property
- Management and decision-making functions

A greater focus on these variables and differentiation among businesses would also allow more behavioural studies and research to better understand decision-making and what shapes value retention in the UK. Such data could stimulate a better policy and national debate on foreign ownership that is more nuanced and more focused on:

- Which capabilities matter most to the UK's future?
- How strongly are those capabilities anchored to the UK?
- Who ultimately influences their development and deployment?

Building a shared understanding of the future

One of the strongest messages from both business leaders and international comparisons is that government and business often operate with different information, different assumptions and different planning horizons. Yet both are increasingly affected by the same geopolitical and economic trends. The Heywood Fellowship recommends that a first step should therefore be to develop a more systematic process for building a shared understanding of the future. This should include:

- Joint geopolitical and economic scenario planning
- Shared assessments of major risks and opportunities
- Collective UK Strengths, Weakness, Opportunity and Threat analysis

The objective is not to produce a single national plan. It is to create a common frame of reference through which different actors can understand emerging challenges and opportunities. As former MI6 Chief Sir Richard Moore has argued, the challenge increasingly lies not in identifying unknown threats, but in understanding how multiple known risks interact and compound one another. Neither government nor business possesses a complete picture independently. Better collective sense-making is therefore itself a source of resilience.

Building better relationships

Our research shows that the UK has been able to build trusted relationships between individuals across government and business in past. After the Second World War, there was an established bond between leaders in government and business who had fought side by side and remained closely networked in the decades that followed. In the 1960s, leaders on both sides realised this informal network mattered tremendously for the ability of government and business to work together. In response, they established the Spring Sunningdale conferences, during which promising young members of business and government were selected to meet annually to attend a two-week course during which they would discuss UK economic issues[6]. This programme evolved over time and lasted until at least into the early 2010s. From wartime mobilisation to initiatives such as this, Britain has created spaces where public and private sector leaders can develop mutual understanding and long-term professional relationships. The UK does not lack mechanisms for government and business engagement, indeed, there has been a proliferation of such fora. Yet many of the mechanisms that prioritised relationship-building and long-term strategy have withered over time, even as the need for them has increased. Our interviews suggest that business leaders are seeking more meaningful engagement, stronger relationships and opportunities for strategic dialogue. Indeed, these mechanisms could and should be the fora through which scenario planning exercises could be conducted. Wilton Park's Global Impact Initiative[8] is one good example of the type of relationship-building we are referring to but it would need to be prioritised by senior leaders across government and business and invested in as such. The Heywood Fellowship, therefore, recommends a more concerted and systematic effort to embed relationship-building between senior government and business leaders and suggests that the new National School of Government could be an excellent venue and locus for such exchanges and dialogue. Likewise, the work of the Whitehall and Industry Group makes an important contribution.[9] The UK should therefore invest in a new generation of relationship-building mechanisms which value relationship-building and long-term planning.

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[7] Neil Rollings, "The Twilight World of British Business Politics: The Spring Sunningdale Conferences since the 1960s," Business History 2013
[8] https://www.wiltonpark.org.uk/what-we-do/the-global-impact-group/
[9] https://www.wig.co.uk/

Taken together, these measures represent the foundational layer of a new relationship between government and business. Of course, while the scope of this paper is how government and business should navigate a changing Global Economic Order, such actions would have much wider benefits, for example in building better local communities or investing in skills. Lastly, these foundations need to serve a purpose. If they are seen as merely talking shops, they will not succeed. However, we do believe that they are a fundamental, and a currently missing part of efforts to drive the economic success of the country. In the final section of the paper, we put forward more specific ideas for how government and business should work together in certain parts of the economy.

3. Greater alignment in the geostrategic economy

A majority of businesses operate successfully within the UK's existing economic framework. Their primary relationship with government should remain focused on creating the conditions for growth, innovation and competition. However, a smaller subset of the economy requires a different relationship. As set out in the capping paper, we define the geostrategic economy as those assets and capabilities that are highly globally integrated and rivalrous and which are material either to the nation's resilience and survival or to its long-term economic and strategic advantage.

For the UK, examples include sectors such as:

- Defence
- Energy
- Semiconductors
- Telecommunications
- Artificial intelligence
- Quantum technologies
- Advanced life sciences
- Cyber security
- Nuclear technologies
- Space
- Critical minerals

These sectors matter not simply because they contribute to economic growth but because their success or failure has consequences that extend well beyond the firms operating within them. These assets and capabilities generate wider strategic consequences that markets do not always value appropriately. These can be vulnerabilities through excessive concentration, foreign dependence, supply-chain exposure or technological dependency. On the other hand, they can create opportunities, for example through technological leadership, influence over international standards and strategic leverage. Therefore, government needs to be able to partner with these businesses differently and ultimately to be able to influence them in pursuit of national objectives.

Co-creating the UK’s future through a Global Strategic Industries Group

In order to build this sort of partnership, the Heywood Fellowship recommends the creation of a UK Global Strategic Industries Group (GSIG). Its **mission** should be:

A globally focused, cross-domain, cross-sector government and industry partnership to co-create and maximise the UK's resilience, prosperity and agency by ensuring that strategically important capabilities remain globally competitive, resilient and appropriately anchored to the UK.

Key design considerations:

- The purpose of GSIG would be to provide the institutional architecture through which the UK can identify, understand and co-create the capabilities that matter most to its future in a geo-strategic world. It should, therefore, be primarily globally focused and on how the UK shows operates and engages in the world.
- It would be comprised of business representatives from across the sectors which meet our UK definition of the ‘geo-strategic economy’. It would not be limited in the first instance on only working with ‘British’ companies but rather would experiment with the concepts we have suggested in this paper around anchorage to find the right arrangements and ways of working where nationality and sovereignty mattered.
- It shouldn’t operate as a traditional ‘council’ or committee, rather a practical partnership and collective effort whose format and membership should be flexible and dynamic. It could operate, for example, as a more tactical and practical arm of the Industrial Strategy Advisory Council. It could complement the work of sector councils by bringing together different parts of the economy that face common problems.

In effect, GSIG would become the UK's strategic capability stewardship body for the geostrategic economy, fostering cross-sector and domain links and fertilisation, identifying and tackling strategic, cross-cutting issues, and coordinating international engagement and diplomacy. We propose that the GSIG should have **four core objectives**:

Assess anchorage and control
GSIG would assess the degree to which strategically important capabilities are anchored to the UK and the extent to which the UK retains influence over their future development. This would build on the Business Anchorage Framework proposed in the previous section. This would be highly experimental and it would need to find ways to manage situations where nationality really mattered.

Identify and monitor strategic capabilities
The UK currently lacks a systematic mechanism for understanding which capabilities matter most, where they sit, how exposed they are; and how they compare internationally. GSIG would provide a continually updated picture of the UK's strategic capability base, identifying emerging vulnerabilities as well as new sources of competitive advantage.

Recommend and execute strategic interventions
GSIG would provide expert advice to ministers on policy measures and potential interventions, including government investment, procurement strategies, resilience building, anchorage of assets, and strategies for government-to-government engagement and diplomacy. Its format would allow for subsets of GSIG members to work in partnership to execute and deliver agreed policy approaches at home and abroad.

Build future advantage
GSIG should be as focused on opportunity as on risk. Its purpose should not merely be to prevent decline or loss of capability, it is to identify where the UK can build globally significant advantage. This reflects one of the strongest themes from our business interviews: the UK possesses exceptional strengths but does not always organise around them effectively. A core function of GSIG would therefore be identifying opportunities to build leadership in strategically important areas.

These objectives should be underpinned by the following functions:

- **Risk briefing:** a two-way flow of information between government and industry. Government would share insights on geopolitical and economic-security risks. Business would share information on technology trends, market developments, supply-chain pressures and emerging vulnerabilities.
- **Strategic scenario building:** GSIG would commission and review long-term scenarios for strategically important capabilities and sectors. The objective would be to improve collective understanding of future risks and opportunities and embed these insights into industrial strategy, spending decisions and economic-security planning.
- **Co-creation and design of a new policy toolkit:** GSIG would provide structured input into the development of a next generation economic-security and industrial-policy toolkit. This would ensure that policy makers benefit from sector expertise while preserving government's ultimate decision-making authority.

Finally, as we set out at the start of the paper, many of our other proposals are designed to be delivered through close government and business partnership. Some of these proposals, such as the Comprehensive Assessment of Risks and Building and leveraging the UK's strategic assets portfolio would align closely with the work of the GSIG. We would also aspire, as trust builds, to the idea that such a group could work together across a range of challenging policy areas, for example to build the UK's economic deterrence.

Annex A

Methodology for business leader interviews

Purpose

To inform this paper, we conducted a series of semi-structured interviews with senior leaders from major businesses operating in sectors of strategic importance to the UK economy. The interviews were designed to explore how senior leaders view the UK's strengths, future competitiveness, resilience, and the changing relationship between business and government. The interviews were exploratory in nature and intended to identify recurring themes, insights and areas of consensus rather than provide a statistically representative sample of UK business opinion.

Participating organisations

We interviewed companies from across strategically important sectors including life sciences, semiconductors, defence, telecommunications, financial services, energy, advanced engineering and technology.

Interview topics

A common interview framework was used to guided discussions, adapted where appropriate to reflect the experience and perspective of individual interviewees.
Discussions focused on:

- The UK's strengths and weaknesses as a place to invest, grow and do business
- Organisations' long-term relationship with, and commitment to, the UK
- The impact of shareholders, ownership structures and international investment
- Corporate resilience and preparedness in an increasingly contested world
- Existing relationships between business and government, both in the UK and internationally
- How government can better support UK firms and represent UK interests overseas
- Opportunities for stronger strategic collaboration between government and business

Approach

Interviews were conducted on a confidential basis to encourage candid discussion. Findings are presented in aggregated form and comments have not been attributed to individual interviewees. The analysis focused on identifying recurring themes across interviews, areas of broad agreement, and implications for the future relationship between government and business in the UK.

Annex B

Methodology for business anchorage analysis

Purpose

The UK possesses extensive data on foreign ownership, foreign direct investment and corporate control. However, there is comparatively little analysis of how strongly major firms remain connected to the UK economy, how dependent they are on UK markets, or how strategically important capabilities are distributed across the business community. To explore this gap, we undertook an illustrative business anchorage analysis of a sample of major UK-headquartered firms (or closest equivalent). The purpose was not to determine whether firms are 'British' or 'foreign'. Rather, it was to explore how strongly important firms and capabilities are anchored to the UK and what this may imply for their incentives, behaviour and relationship with government.

Scope and selection

The sample was designed to be illustrative rather than comprehensive. It is not intended to provide a statistically representative picture of the UK's corporate population. Companies were selected using a combination of:

- UK headquarters and significant UK presence
- Economic significance, particularly measured through contribution to UK Gross Value Added (GVA)
- Presence in sectors likely to be important to the UK's future resilience, prosperity or strategic advantage

The starting point was a group of major UK-based firms making substantial contributions to UK economic output. However, because sectors such as technology, green energy and parts of the creative economy are underrepresented among the largest contributors to UK GVA, additional firms were included to ensure these strategically important sectors were reflected in the analysis.

The sample therefore combines:

- Large established corporates
- Strategically significant technology firms
- Important energy and infrastructure businesses
- Firms operating in information and creative sectors

The intention was to capture a diverse group of economically and strategically significant firms rather than produce a definitive ranking.

Companies included:

Large corporates

- Shell
- BP
- HSBC
- Tesco
- Unilever
- Barclays
- Lloyds
- AstraZeneca
- GSK
- Vodafone
- Rio Tinto
- BAE Systems
- Rolls-Royce
- Diageo
- National Grid
- BT
- RELX
- Anglo American
- Compass Group
- Standard Chartered

Technology

- Arm
- Sage
- Computacenter
- Darktrace

Green energy

- SSE
- Drax
- Octopus Energy

Creative and information industries

- WPP
- Informa
- ITV

Analytical approach

The analysis sought to move beyond ownership as the sole indicator of a firm's relationship with the UK. For each company, a range of indicators was considered, including:

- UK revenue exposure vs global revenue
- UK employment vs. global
- Ownership and shareholder geography
- Governance nationality

Limitations

This analysis should be understood as an exploratory exercise rather than a definitive measure of business behaviour, corporate allegiance or strategic intent. The sample was intentionally selective and designed to illustrate patterns that may warrant further investigation. It does not claim to represent the entirety of the UK economy, nor does it seek to rank firms according to their contribution or importance. The purpose of the exercise is to stimulate a more informed discussion about incentives, anchorage and control, rather than to provide definitive judgements about individual firms.

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