

DERBYSHIRE COUNTY COUNCIL

**MEETING OF CABINET MEMBER - STRATEGIC POLICY, ECONOMIC
DEVELOPMENT AND BUDGET**

4 April 2017

Report of the Strategic Director – Economy, Transport and Communities

**“BUILDING OUR INDUSTRIAL STRATEGY” GREEN PAPER -
CONSULTATION**

(1) **Purpose of Report** To update the Cabinet Member on the launch of the Government’s Industrial Strategy Green Paper and seek authority to provide a response to the consultation exercise.

(2) **Information and Analysis**

Background

Published on 23 January 2017, the Government’s much anticipated Industrial Strategy (IS) sets out the proposed approach to improving the competitiveness of Derbyshire’s economy, boosting productivity, especially in key sectors of comparative advantage and tackling the continued regional imbalance in the UK economy.

The objective of the “Building Our Industrial Strategy” Green Paper is to *“improve living standards and economic growth by increasing productivity and driving growth across the whole country”*.

Within this context, the Green Paper recognises three key challenges to achieving this objective:

- build on our strengths and extend excellence into the future;
- close the gap between the UK’s most productive companies, industries, places and people and the rest; and
- make the UK one of the most competitive places in the world to start or grow a business.

The proposed strategy is structured on “10 pillars” that will strategically guide economic growth and industrial competitiveness:

- investing in science, research and innovation;
- developing skills;

- upgrading infrastructure;
- supporting business to start and grow;
- improving procurement;
- encouraging trade and inward investment;
- delivering affordable energy and clean growth;
- cultivating world-leading sectors;
- driving growth across the whole country; and
- creating the right instructions to bring together sectors and places.

In addition to the Industrial Strategy Green Paper, the Midlands Engine Industrial Strategy (MEIS) was issued in 10 March 2017 and set out the Government's plan for making the Midlands Engine area a powerful force for economic growth. Any comments provided by Derbyshire County Council in response to the Green Paper will have full regard to the content of the MEIS.

The Green Paper sets out 39 questions in order to provoke debate and ideas at the initial stage of consultation. It is proposed that the Council provides an overview of the proposals (initial overview below) and detailed answers to the questions relevant to the County's economic priorities as set out in the Derbyshire Economic Strategy Statement (DESS) and Derbyshire Infrastructure Strategy and other relevant policy areas.

Officers are also working with partners to inform the Derby, Derbyshire, Nottingham and Nottinghamshire (D2N2) Local Enterprise Partnership (LEP) response as well as any wider Midlands Engine submission. The deadline for responses is 17 April 2017.

Initial Overview

Overall, the Council should welcome the Government's commitment to an active and explicit IS. The 10 pillars identified are self-evident and have been the basis for delivering economic development for a number of decades and are broadly reflected in the current DESS. It is also recognised that any IS will focus on enacting policy instruments to concentrate on sectors where the UK can effect a comparative advantage. However, it should be noted that the sectoral "deals" proposed represent a significant shift away from national economic policy of recent times and may reflect what the Prime Minister has coined "a more muscular state". The Business, Energy and Industrial Strategy (BEIS) Committee re-inforce this policy shift in its recent response warning of a risk of returning to the "discredited credo of 'picking winners'".

Despite the Green Paper's focus on tackling low productivity and regional imbalance, the Council would argue that the Green Paper is deficient or, indeed, silent on two major issues that will effect economic growth, Brexit and devolution. More detail is required on how the IS will fit with the "Global Britain" Brexit vision set out by the Prime Minister, together with an analysis of what Brexit might mean for an IS and the sectors that have been highlighted

to lead the new productivity drive. The paper states that the Government will welcome an agreement to continue to collaborate with European partners on major science, research and technology initiatives, and that procurement policy will no longer be constrained by European Union law once the Great Reform Bill is enacted. However, there do not appear to be any other links between the Government's Industrial and Brexit strategies.

Similarly, the Council would argue that it is imperative that any national IS is complemented by clearly articulated sub-regional strategies to encourage sustainable growth which is balanced and inclusive across the whole of the country. Currently, the Government's approach to sub-regional economic strategy remains focused on the 39 LEPs and the still largely embryonic concepts of the Midlands Engine and the Northern Powerhouse. Although the Government recognises the widening regional productivity, gap there is little detail on how this will be ameliorated.

Furthermore, the Green Paper appears to make many promises, but these need to be 'fleshed out' in more detail to demonstrate how they would be turned into reality, who would be responsible for their delivery, and potential funding streams. This is particularly relevant in the key areas of innovation, skills, housing and infrastructure.

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property, social value and transport considerations.

(3) **Key Decision** No.

(4) **Call-in** Is it required that call-in be waived in respect of the decisions proposed in the report? No.

(5) **Background Papers** Held on file in the Economic Regeneration Service of the Economy, Transport and Environment Department. Officer contact details – Frank Horsley, extension 38348.

(6) **OFFICER'S RECOMMENDATIONS** That the Cabinet Member:

6.1 Notes the Government's Industrial Strategy Green Paper and initial overview.

6.2 Delegates responsibility to the Strategic Director – Economy, Transport and Communities in conjunction with the Cabinet Member to complete the detailed response to the consultation by the deadline of 17 April 2017.

Mike Ashworth
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