

D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY

Building our Industrial Strategy Green Paper

1. PURPOSE OF REPORT

- 1.1 To provide the Joint Committee with a brief overview of the recently published “Building our Industrial Strategy” Green Paper and to support discussion by Leaders on the content and implications of the document.

2. DISCUSSION/ DECISION REQUIRED BY THE MEETING

- 2.1 **It is requested the Joint Committee considers the Government’s Industrial Strategy Green Paper, the proposals for responding to the consultation and provides any headline comments for taking forward for inclusion in the D2N2 LEP’s response to the Strategy.**

3.0 ISSUES

- 3.1 Published on 23rd January 2017, the Government’s Industrial Strategy (IS) sets out the proposed approach to improving the competitiveness of our 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 (the Industrial Strategy) is to “improve living standards and economic growth by increasing productivity and driving growth across the whole country”.
- 3.2 The Green Paper defines three key challenges in creating a resilient industrial structure for growth:
- Build on the UK’s strengths and extend excellence into the future;
 - Close the gap between the UK’s most productive companies, industries, places and people and the rest;
 - Make the UK one of the most competitive places in the world to start or grow a business.

- 3.3 The draft Strategy is structured around “10 pillars” that will guide economic growth and industrial competitiveness. A summary of the 10 pillars is attached at Appendix A.

The Beginning of a National Debate

- 3.4 The publication of the Industrial Strategy marks the beginning of a national debate about how the UK makes sure its industry is competitive and fit for purpose in a fast-changing world. It also supports the more recently published, and probably more relevant, Midlands Engine Strategy (MES) which is a *‘statement of Government’s commitment to making the Midlands a powerful engine for economic growth’*. The MES sets out actions to address productivity barriers across the region and is focused on enabling businesses to create more jobs, export more goods and services and increase productivity; the recent announcement of £64m in LGF3 supports these ambitions from Government.
- 3.5 In the Green Paper however, the Government has said it will look favourably on sectors that will shape the economy of tomorrow. Sectors likely to benefit could include: low carbon vehicles, industrial digitisation, creative industries and life sciences. Whilst this would be good for the wider D2N2 economy, the economy of Derby and Derbyshire needs protecting, promoting and enhancing and in particular, due consideration needs to be given to Government’s pillar ‘to drive growth across the whole county’. The strength and contribution of our rural economy and rurally-based businesses needs support and investment, particularly in relation to start-ups, skills and infrastructure. Often these businesses form a significant part of the supply chain and therefore are key to future success.
- 3.4 The Green Paper sets out 39 questions (see Appendix B) to provoke debate and ideas at the initial stage of consultation and it is understood that most local authorities are considering the questions and looking to provide an individual response. The County Council will be seeking to link its response to the Derbyshire Economic Strategy Statement (DESS), Derbyshire Infrastructure Investment Strategy and the recently published Midlands Engine Industrial Strategy.
- 3.5 In addition, discussions have been held at the D2N2 officer group, LEPOG, to discuss common themes and approach to feeding back on behalf of all D2N2 partners. A dedicated meeting of key local government officers and partners will be held on 28th March to further flesh out the draft, collective response in advance of the Government’s deadline on 17th April 2017. It is anticipated that further consultations

will follow as the Green Paper makes its way through the Parliamentary process.

4.0 NEXT STEPS

- 4.1 All local authorities will be considering and responding to the Building Our Industrial Strategy Green Paper by the given deadline and the LEPOG group will meet on 28 March to identify common themes and issues that can be developed and used in the collective, D2N2 LEP response.

5.0 RECOMMENDATIONS

- 5.1 **That the Joint Committee notes the contents of this report and considers any significant issues that it would like to feed into the LEPOG meeting for consideration as part of the wider D2N2 response.**
- 5.2 **Considers the links of the Industrial Strategy to the Midlands Engine and requests the D2 Economic Development Officers Working Group be asked to consider the local implications for economic growth and report back to the D2 Joint Committee with recommendations at an appropriate meeting.**

Appendix A: The 10 pillars of Britain's Modern Industrial Strategy and some of the announcements contained within the Strategy on each pillar

Building our Industrial Strategy

The challenge

Our economy has great strengths, but while many people, places and businesses are thriving, opportunities and growth are still spread unevenly across the country.

Our approach

We are developing a modern industrial strategy. We want to build on our strengths to enable all parts of the country to succeed: helping to deliver a high-skilled, competitive economy that benefits people throughout the UK.

Your views

We want to hear from every part of the country, every sector of industry and businesses of every size.

This is a public consultation, and we welcome your comments and contributions to inform our industrial strategy and help deliver an economy that works for everyone.

Have your say: www.gov.uk/beis

Our 10 pillars



Investing in science, research & innovation

We will become a more innovative economy and do more to commercialise our world leading science base, developing new technologies and driving growth throughout the UK.



Developing skills

We will build a proper system of technical education, and boost key skills in science, technology, engineering, maths and digital proficiency, to ensure people have the skills employers need now and in the future.



Upgrading infrastructure

We will upgrade our digital, energy, transport, water and flood defence infrastructure, and join up central government investment and local growth priorities more effectively.



Supporting businesses to start & grow

We will support businesses and entrepreneurs across the UK, to ensure they can access finance and wider support to grow, and have the right conditions for companies to invest long-term.



Improving procurement

We will ensure public procurement drives innovative new products and services, strengthens skills, develops UK supply chains and increases competition by creating more opportunities for SMEs.



Encouraging trade & inward investment

We will make Britain a global leader in free trade, including promoting and supporting UK exports, building future trading relations and creating a more active approach to winning major overseas contracts.



Delivering affordable energy & clean growth

We will keep energy costs down for businesses, build the energy infrastructure we need for new technologies, and secure the economic benefits of our move towards a low-carbon economy.



Cultivating world-leading sectors

We will build on our areas of global excellence and help new sectors to flourish, supporting businesses to take the lead in transforming and upgrading their industries through sector deals.



Driving growth across the whole country

We will build on local strengths and address factors that prevent areas from reaching their full potential, by investing in key infrastructure projects, increasing skill levels and backing local expertise.



Creating the right local institutions

We will create strong structures and institutions to support people, industries and places to maximise local strengths, including reviewing the location of government bodies and cultural institutions.



HM Government

**Building our
Industrial Strategy**

Source: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585107/industrial-strategy-10-pillars.pdf

Appendix B: Questions for consultation

1. Does this document identity the right areas of focus: extending our strengths; closing the gaps; and making the UK one of the most competitive places to start or grow a business?
2. Are the ten pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?
3. Are the right central government and local institutions in place to deliver an effective industrial strategy? If not, how should they be reformed? Are the types of measures to strengthen local institutions set out here and below the right ones?
4. Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these ten pillars?
5. What should be the priority areas for science, research and innovation investment?
6. Which challenge areas should the Industrial Challenge Strategy Fund focus on to drive maximum economic impact?
7. What else can the UK do to create an environment that supports the commercialisation of ideas?
8. How can we best support the next generation of research leaders and entrepreneurs?
9. How can we best support research and innovation strengths in local areas?
10. What more can we do to improve basic skills? How can we make a success of the new transition year? Should we change the way that those resitting basic qualifications study, to focus more on basic skills excellence?
11. Do you agree with the different elements of the vision for the new technical education system set out here? Are there further lessons from other countries' systems?
12. How can we make the application process for further education colleges and apprenticeships clearer and simpler, drawing lessons from the higher education sector?
13. What skills shortages do we have or expect to have, in particular sectors or local areas, and how can we link the skills needs of industry to skills provision by educational institutions in local areas?
14. How can we enable and encourage people to retrain and upskill throughout their working lives, particularly in places where industries are changing or declining? Are there particular sectors where this could be appropriate?
15. Are there further actions we could take to support private investment in infrastructure?
16. How can local infrastructure needs be incorporated within national UK infrastructure policy most effectively?
17. What further actions can we take to improve the performance of infrastructure towards international benchmarks? How can government work with industry to ensure we have the skills and supply chain needed to deliver strategic infrastructure in the UK?
18. What are the most important causes of lower rates of fixed capital investment in the UK compared to other countries, and how can they be addressed?
19. What are the most important factors which constrain quoted companies and fund managers from making longer term investment decisions, and how can we best address these factors?
20. Given public sector investment already accounts for a large share of equity deals in some regions, how can we best catalyse uptake of equity capital outside the South East?

21. How can we drive the adoption of new funding opportunities like crowdfunding across the country?
22. What are the barriers faced by those businesses that have the potential to scale-up and achieve greater growth, and how can we address these barriers? Where are the outstanding examples of business networks for fast growing firms which we could learn from or spread?
23. Are there further steps that the Government can take to support innovation through public procurement?
24. What further steps can be taken to use public procurement to drive the industrial strategy in areas where government is the main client, such as healthcare and defence? Do we have the right institutions and policies in place in these sectors to exploit government's purchasing power to drive economic growth?
25. What can the Government do to improve our support for firms wanting to start exporting? What can the Government do to improve support for firms in increasing their exports?
26. What can we learn from other countries to improve our support for inward investment and how we measure its success? Should we put more emphasis on measuring the impact of Foreign Direct Investment (FDI) on growth?
27. What are the most important steps the Government should take to limit energy costs over the long-term?
28. How can we move towards a position in which energy is supplied by competitive markets without the requirement for on-going subsidy?
29. How can the Government, business and researchers work together to develop the competitive opportunities from innovation in energy and our existing industrial strengths?
30. How can the Government support businesses in realising cost savings through greater resource and energy efficiency?
31. How can the Government and industry help sectors come together to identify the opportunities for a 'sector deal' to address – especially where industries are fragmented or not well defined?
32. How can the Government ensure that 'sector deals' promote competition and incorporate the interests of new entrants?
33. How can the Government and industry collaborate to enable growth in new sectors of the future that emerge around new technologies and new business models?
34. Do you agree the principles set out above are the right ones? If not what is missing?
35. What are the most important new approaches to raising skill levels in areas where they are lower? Where could investments in connectivity or innovation do most to help encourage growth across the country?
36. Recognising the need for local initiative and leadership, how should we best work with local areas to create and strengthen key local institutions?
37. What are the most important institutions which we need to upgrade or support to back growth in particular areas?
38. Are there institutions missing in certain areas which we could help create or strengthen to support local growth?

