

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No. 11

meeting date: 28TH MARCH 2017
title: UK GOVERNMENT CONSULTATION: 'BUILDING OUR INDUSTRIAL STRATEGY'
submitted by: CHIEF EXECUTIVE
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1 PURPOSE

1.1 To agree the Councils' response to the UK Governments' 'Building our Industrial Strategy' Consultation.

1.2 Relevance to the Council's ambitions and priorities

- Council Ambitions – In addition to Ribble Valley Borough Council striving to meet its three ambitions, the importance of securing a diverse sustainable economic base in the borough is also recognised.
- Community Objectives – The issues highlighted in this report will contribute to objectives of a sustainable economy and thriving market towns.
- Corporate Priorities - Delivery of services to all.
- Other Considerations – None.

2 BACKGROUND

2.1 On 23 January 2017 the Government released their much anticipated Green Paper titled 'Building our Industrial Strategy'. This is a public consultation with responses requested by 17 April 2017.

2.2 The strategy sets out how the Government propose to build a modern industrial strategy with the aim of improving living standards and economic growth by increasing productivity and driving growth across the whole country.

3 INFORMATION

3.1 The consultation falls under the Department for Business, Energy and Industrial Strategy, whose name was changed from the Department for Business, Innovation and Skills in 2016.

3.2 The Government have identified 10 'pillars' that they believe are important to drive forward this strategy. These pillars are explained in Appendix A with this report.

3.3 The Industrial Strategy Green Paper asks 4 principle 'over-arching' questions in the document, along with a number of further questions (38 in total) covering more specific and targeted questions across each of the 10 pillars. Suggested responses to the initial 4 over-arching questions posed by the green paper are set out in Appendix B with this report.

- 3.4 The principle focus of the Council's response is reiterating what has been outlined in the Growth Strategy, citing in particular the infrastructure and skills needs in the context of local growth. In addition, the Council's response stresses the importance that Local Authorities, working together across LEP areas, need to be given the tools to unlock economic growth opportunities.
- 3.5 Furthermore, it is anticipated that a white paper will emerge later in the year which should reflect consultation responses in this green paper. There will, therefore, be further opportunity for the Council and our partners in Lancashire to respond accordingly.
- 3.6 The recently published Housing White Paper and forthcoming Environment Strategy also need to be linked to the Industrial Strategy; these are also key to economic development in an area.
- 3.7 Finally, further papers on related areas are expected to be released, including Skills & Employability and replacements for EU Structural Funds, which will provide further opportunities for the Council to reflect its specific needs in the context of the local economy.

4 RISK ASSESSMENT

- 4.1 The approval of this report may have the following implications
- Resources – None.
 - Technical, Environmental and Legal – None.
 - Political – None.
 - Reputation - The matters covered in this report link with the Council's objectives of a sustainable economy and thriving market towns.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Note the report and;
- 5.2 Agree the Council's response to the Green Paper public consultation on the emerging UK Industrial Strategy.

CRAIG MATTHEWS
REGENERATION OFFICER

MARSHAL SCOTT
CHIEF EXECUTIVE

For further information please ask for Craig Matthews, extension 4531.

The pillars

1. **Investing in science, research and innovation** – we must become a more innovative economy and do more to commercialise our world leading science base to drive growth across the UK.

2. **Developing skills** – we must help people and businesses to thrive by: ensuring everyone has the basic skills needed in a modern economy; building a new system of technical education to benefit the half of young people who do not go to university; boosting STEM (science, technology, engineering and maths) skills, digital skills and numeracy; and by raising skill levels in lagging areas.

3. **Upgrading infrastructure** – we must upgrade our standards of performance on digital, energy, transport, water and flood defence infrastructure, and better align central government infrastructure investment with local growth priorities.

4. **Supporting businesses to start and grow** – we must ensure that businesses across the UK can access the finance and management skills they need to grow; and we must create the right conditions for companies to invest for the long term.

5. **Improving procurement** – we must use strategic government procurement to drive innovation and enable the development of UK supply chains.

6. **Encouraging trade and inward investment** – government policy can help boost productivity and growth across our economy, including by increasing competition and helping to bring new ways of doing things to the UK.

7. **Delivering affordable energy and clean growth** – we need to keep costs down for businesses, and secure the economic benefits of the transition to a low-carbon economy.

8. **Cultivating world-leading sectors** – we must build on our areas of competitive advantage, and help new sectors to flourish, in many cases challenging existing institutions and incumbents.

9. **Driving growth across the whole country** – we will create a framework to build on the particular strengths of different places and address factors that hold places back – whether it is investing in key infrastructure projects to encourage growth, increasing skill levels, or backing local innovation strengths.

10. **Creating the right institutions to bring together sectors and places** – we will consider the best structures to support people, industries and places. In some places and sectors there may be missing institutions which we could create, or existing ones we could strengthen, be they local civic or educational institutions, trade associations or financial networks.



Ribble Valley Borough Council

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RESPONSE TO UK GOVERNMENT PUBLIC CONSULTATION

Building our Industrial Strategy: Department for Business, Energy & Industrial Strategy

Question 1: Does this document identify 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?

Response:-

The Council broadly agrees with the objectives of the strategy to close the gaps in the Economy. We believe the Government has a role, with local institutions, in creating the right conditions for prosperity. To ensure an enduring approach an Industrial Strategy will need to identify proposals and opportunities to close those gaps. This should be evidence based and should provide clearer explanations of the causes to ensure future interventions build on our strengths, close the productivity gap and make the UK one of the most competitive places to start or grow a business.

We recognise the productivity challenge outlined in the green paper and we understand the productivity gaps across different parts of the Country and we recognise that investment in infrastructure and skills are major contributors to improved productivity. In particular, transport infrastructure in the Borough and surrounding areas of Lancashire are under considerable pressure with many key routes either at or approaching capacity during peak business and travel times. Businesses consistently tell us that under investment in infrastructure blocks growth and can hamper inward investment.

The focus on building on strengths, encouraging new and growing business and addressing the needs and opportunities of all parts of the country is welcome. The Government's Rural Planning Review call for evidence published in February 2016 stated the following:-

“England's rural areas make a substantial and vitally important contribution to the economy, accounting for around £210 billion, or 16%, of England's total output. Taken as a whole, the structure of economies in rural areas is now reasonably similar to that of urban areas. Manufacturing represents 13% of GVA in predominantly rural local authority areas compared with 8% in predominantly urban areas. The service sector is also significant across rural areas with business services, for example, representing 10% of rural output.

“Rural areas host around half a million businesses, over 25% of all registered businesses in England. Many of the businesses operating in rural areas are small or medium sized enterprises. Economic activity in rural areas is increasingly diverse, with significant manufacturing and services sectors, alongside more traditional farming. Knowledge-based and creative industries are also growing rapidly.”

However, whilst there is some recognition of the needs of rural areas, there is a risk that the potential opportunities presented by rural economies are significantly underestimated.

The Industrial Strategy should properly recognise the existing and potential economic contribution of rural areas to the nation's growth and success. This should be embedded throughout the Strategy, recognising the location of many innovative and growth potential businesses located across rural areas. This is not confined by traditional views of rural economies and stretches across all sectors.

Question 2: Are the 10 pillars suggested the right ones to tackle low productivity and unbalanced growth? If not, which areas are missing?

Response:-

The Council agrees that the ten pillars more or less encapsulate the right areas on which to focus upon. However an industrial strategy cannot be considered in isolation and must link to housing, environmental and social policies, and whilst the suggested pillars are relatively comprehensive, if growth is to be driven across the whole country there needs to be full consideration of the issues and opportunities facing rural communities in relation to each pillar.

Growth needs to be sustainable and cannot be at the cost of other areas concerning social and economic wellbeing. Successful growth should be dependent on creating sustainable, vibrant communities that build upon the wider environment where we live and work. This directly relates to our health and wellbeing and subsequent productivity and can also have an impact on where companies invest or locate (i.e. attracting the right skills for their needs and the overall social and economic wellbeing of an area generally).

For example, in relation to the Strategy's aspirations towards developing skills, it is estimated that only half of rural users can get to a FE College by public transport or walking in a 'reasonable travel time' (as defined by the Department for Transport) and just 39% of rural users can get to a school sixth form by public transport or walking in a 'reasonable travel time' (and that transport may be infrequent). In seeking to develop skills whilst driving growth in all parts of the country, the Strategy should acknowledge the accessibility issues faced by residents in rural areas.

In relation to new business growth, the Strategy should recognise the presence of a diverse range of new and existing business activity in rural areas and the opportunities this presents. Rural economies are incredibly diverse and make a significant contribution to national economic performance. Farming and tourism are of critical importance but to pigeon-hole rural economies as being solely about these sectors would be a mistake. The environment is of pivotal significance to rural economies. Farming, forestry and land management sectors help to create the environment on which the tourism sector depends and to which a vast array of economic activities are attracted – from manufacturing and service industries to knowledge intensive and creative sectors. Enterprise and opportunity are abundant with rural areas often providing a breeding ground for high growth businesses which can migrate to more populated areas as expansion plans require. This should be clearly recognised by the Strategy.

Question 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?

Response:-

Businesses in rural areas are often remote from government and other institutions. Business support is often seen as either confusing or urban centric. Constant changes to organisations and programmes has the potential to further confuse businesses and,

therefore, improvements to existing structures is preferred to any wholesale restructuring in order to begin to provide continuity and certainty.

Local Authorities, both members and officers, are well placed to work with local businesses, and for some time concern has been expressed that there are too many institutions often leading to uncoordinated and unfocused activities and funding streams. The Government has acknowledged in its work with LEPs and devolution deals that bringing a local focus to this work can be advantageous. Institutions play a role but increasingly it is the ability to deliver for local people by bringing public and private partners together. There is greater opportunity to streamline and bring partnerships together linked with the LEPs to deliver the growth needed in local areas.

Local Enterprise Partnerships also are now enacted as key delivery organisations and whilst some have an effective approach to rural areas, too frequently we are seeing LEP programmes that have little consideration for the opportunities and needs presented by existing and new business located in rural areas. Mechanisms should be put in place to ensure that LEPs and other vehicles address the needs and take advantage of the opportunities presented by our rural economies.

For example, a report commissioned by Defra (working in conjunction with BIS) in 2013 and produced by the Institute for Employment Studies (supported by the Countryside & Community Research Institute) investigated the degree to which rural businesses access national employer skills and government business support programmes. A key finding of the report was that: "Access to national mainstream employer skills programmes and government business support programmes among rural businesses may be improved if information and advice on how to apply for support is proactively provided (ideally face-to-face or by telephone) by a stable set of intermediaries." LEPs and others should take account of the need for such intermediaries in delivering skills development and business support programmes to ensure that the full potential of rural businesses is realised.

The green paper should clearly identify the need for special attention to be paid to the opportunities of rural businesses in delivering future programmes.

Question 4: Are there important lessons we can learn from the industrial policies of other countries which are not reflected in these ten pillars?

Response:-

Lessons can be learned here from community-driven approaches, such as that delivered as part of the LEADER approach, should be considered. Over many years, LEADER programmes, such as those here in Ribble Valley and Lancashire, have demonstrated the value of local engagement and a rounded view of local economies where social and community support is an invaluable mechanism for ensuring economic development and growth are maximised. This is of particular importance in rural areas where a mixture of local knowledge and making the connections between the environment, social and economic needs of an area are of huge importance. The Industrial Strategy should make it clear that locally driven economic strategies have a role to play, building on the lessons learned from the delivery of Leader programmes over many, many years.

ENDS