

# **Report to the City of Nottingham and Nottinghamshire Economic Prosperity Committee**

**Date: 24 February 2017**

**Agenda Item: 6**

## **REPORT OF THE CHIEF EXECUTIVE OF NOTTINGHAMSHIRE COUNTY COUNCIL**

### **BUILDING OUR INDUSTRIAL STRATEGY: GREEN PAPER**

#### **Purpose of the Report**

1. The purpose of this report is threefold, namely:
  - a) To provide Committee with an opportunity to discuss the Government's new green paper setting out the UK's industrial strategy;
  - b) Delegate authority to the Chief Executives to submit a shared response to Government, and;
  - c) Encourage Committee to consider future commissioning and resource allocation decisions with reference to the Government's strategy.

#### **Background**

2. The Governments' green paper, *Building our Industrial Strategy*, defines three fundamental challenges Britain must face up to now, and in the future:
  - Build on the UK's strength and extend excellence into the future;
  - Close the gap between Britain's most productive companies, industries, places and people and the rest;
  - Make Britain one of the most competitive places in the world to start or grow a business.
3. This report brings together the information published by Government on its vision for a modern industrial strategy which aims to build on the UK's strengths, closes the productivity and wealth gap between different regions and drive growth more evenly across the country.
4. The Strategy outlines 10 "strategic pillars" that the Government says will guide the policy as it is formed. Appendix A details some of the announcements contained within the strategy for each pillar.

#### The beginning of a national debate

5. The publication of the industrial strategy green paper 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. The Economic Development Committee is well placed in contributing to that debate.

6. The Government has said that it will look favourably on sectors that will shape the economy of tomorrow. Likely to be at the front of that queue for investment will be: low carbon vehicles, industrial digitalisation, creative industries and life sciences.
7. Whilst that's good news for Nottingham and Nottinghamshire which is rich in assets. It is felt that in order to rebalance the economy and promote inclusive economic growth with well-paid jobs for residents, there is far more the Government should be doing. This includes, but is not limited to, a commitment to genuine fiscal devolution, allowing local authorities to drive forward policy shaped by local decision making to enable us to deliver, for example, in infrastructure, skills and access to finance.

#### Consultation timeline

8. The consultation was first published on 23<sup>rd</sup> January. Councils have been invited to respond to Government's consultation on the paper which will close 11.45pm on 17 April 2017. Appendix B contains the questions for consultation.

#### **Reason(s) for Recommendations**

9. It is recommended that the Economic Prosperity Committee engages in the opportunity to respond to the Government's Green Paper on the Industrial Strategy. The questions and proposals are a helpful start for further discussions.

#### **Other Options Considered**

10. To not respond but given Counties make the largest contribution to the national economy and are home to over half of England's jobs in key sectors which the Government has pinpointed will be key to the country post-Brexit, this option was discounted.
11. For councils to respond individually. Individual Councils may wish to respond with specific local issues, however a joint response provides the opportunity to demonstrate, as a collective, our commitment to working with Government and businesses to lead local economic growth and regeneration and ensure that we really can create an economy that works for everyone.

#### **RECOMMENDATION/S**

12. It is recommended that the Economic Prosperity Committee:
  - a) Discuss the Government's new green paper setting out the UK's industrial strategy;
  - b) Delegate authority to the Chief Executives to submit a shared response to Government, and;
  - c) Encourage Committee to consider future commissioning and resource allocation decisions with reference to the Government's strategy.

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**Background Papers**

- Building our Industrial Strategy: a green paper, from Department for Business, Energy & Industrial Strategy, first published 23 January 2017 and available online at:  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/585273/building-our-industrial-strategy-green-paper.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585273/building-our-industrial-strategy-green-paper.pdf)

## 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](http://www.gov.uk/beis)

### Our 10 pillars

 <b>Investing in science, research &amp; innovation</b> 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.	 <b>Developing skills</b> 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.
 <b>Upgrading infrastructure</b> We will upgrade our digital, energy, transport, water and flood defence infrastructure, and join up central government investment and local growth priorities more effectively.	 <b>Supporting businesses to start &amp; grow</b> 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.
 <b>Improving procurement</b> 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.	 <b>Encouraging trade &amp; inward investment</b> 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.
 <b>Delivering affordable energy &amp; clean growth</b> 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.	 <b>Cultivating world-leading sectors</b> 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.
 <b>Driving growth across the whole country</b> 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.	 <b>Creating the right local institutions</b> 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.

## Appendix B: Questions for consultation

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?
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?