

**28<sup>th</sup> March 2017****Agenda Item: 6****REPORT OF THE CORPORATE DIRECTOR, PLACE****BUILDING OUR INDUSTRIAL STRATEGY: GREEN PAPER****Purpose of the Report**

- 1) The purpose of this report is to:
  - a) Brief Members on the contents of the Government's recently launched Industrial Strategy Green Paper, highlighting the key issues for local government;
  - b) Note the opportunity for the Council to submit its own response to the consultation and also to contribute to regional responses (including from the N2 Economic Prosperity Committee, who intend to submit a shared response);
  - c) Seek Members' views on the issues highlighted in the paper, and Seek delegated authority for the Corporate Director, Place to submit the Council's response- and to influence the shape of other partner organisations' responses - building on the Committee's initial views and following consultation with the Leader of the Council, the Chair of Economic Development Committee and Opposition Spokespersons.

**Background**

- 2) The 'Building Our Industrial Strategy' Green Paper was launched by the Prime Minister on the 23<sup>rd</sup> January 2017. The consultation runs until the 17<sup>th</sup> April 2017.
- 3) The Green Paper seeks to "...to improve living standards and economic growth by increasing productivity and driving growth across the whole country". The Government wants "...an economy that works for everyone" and "...a modern Industrial Strategy that will have recognition of the importance of place at its heart". The proposed strategy is positioned as a critical component of the Government's response to leaving the European Union.
- 4) The Government recognises that regional imbalances need to be addressed, both across and within regions. The UK's regional disparities in productivity are much wider than in other western European nations, with the gap between London and rest of the country growing. Since 1997, London's Gross Value Added (GVA)<sup>1</sup> has increased from 59% to 72% above the UK average. Rural productivity is

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<sup>1</sup> Gross value added is a productivity metric that measures the contribution to an economy, producer, sector or region. Gross value added provides a sterling value for the amount of goods and services that have been produced, less the cost of all inputs and raw materials that are directly attributable to that production.

below the national average, with the suggestion that up to £28bn could be added to the rural economy per annum if improvements were made (e.g. through digital connectivity).

- 5) The Green Paper identifies local leadership as key to driving growth through Local Enterprise Partnerships, City Deals, Local Growth Deals, Mayoral Devolution Deals, initiatives such as the Northern Powerhouse and Midlands Engine and, going forward, business rate retention.
- 6) The Green Paper groups proposals under 10 'pillars'. A summary of the pillars and the related consultation questions, is provided at **Annex A**.
- 7) The consultation paper includes policies and programmes that are already in place or planned, and identifies new proposals. It also references reviews that are underway or planned. New announcements include:
  - a) £40bn infrastructure bonds & loans to support private infrastructure investment.
  - b) Additional £400m investment in British Business Bank to see later stage venture capital.
  - c) Creation of new Industrial Strategy Challenge Fund to help capitalise on UK strengths in science & innovation.
  - d) Creation of National Infrastructure Commission.

### **Key Issues for the Council**

- 8) The Council will have an interest in all 10 of the pillars, and will want to review the opportunities presented by the emerging strategy in shaping its own plans for supporting the growth of the Nottinghamshire economy. The following features are likely to be of most interest to the Council and should perhaps be given the most attention in our response:
  - a) Leveraging benefit from **industry-led sector deals**, linked to pillars 1 (science R&D) and 8 (world leading sectors). We will need to work with partners to ensure that we can showcase our genuinely competitive clusters.
  - b) Playing a part in helping shape the **skills system** so that it best serves local labour markets and growth priorities. [*Note: On 20<sup>th</sup> February, the Nottingham and Nottinghamshire Skills and Employment Board (N2 SEB) issued a letter to Robert Halfon MP the Minister of State for Apprenticeships and Skills, outlining concerns about the impact Britain's exit from the European Union will have on skills provision and inequality across the city and county. A copy is provided at **Annex B***]
  - c) Contributing to the debate on **spatial rebalancing**, and how 'left-behind' communities can participate in and benefit from the strategy. The proposed strategy has a distinct urban focus and it will be important to underline the need for market towns and rural areas to share in the prosperity as part of the rebalancing process.
  - d) Looking at the Council's own **procurement** as a means of stimulating local economic growth.
  - e) Considering what institutions are needed to **lead local growth**, and local government's positioning within this - including the future role of LEPs and the

significance of Midlands Engine – and what delegated powers (and finances) are needed at local level to affect change. There is a specific proposal for reviewing how best to bring more ‘business expertise’ into local government, including an Alderman type role.

- f) The extent to which there are **missed opportunities** in the proposed strategy. The roles of the planning system and housing provision are arguably underplayed and both will be important if the strategy’s goals are to be achieved. There could have been more read-across with the recent Housing White Paper. The consultation is also silent on what Government-funded interventions might replace ESIF funding post-Brexit to support the delivery of the strategy.

## **Responding to the Consultation**

- 9) At its meeting on 24<sup>th</sup> February 2017, the City of Nottingham and Nottinghamshire Economic Prosperity Committee delegated authority to the Chief Executives to submit a shared response to Government. It was recognised that Councils may also wish to respond with specific local issues. It was felt that 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.
- 10) It is expected that responses will also be submitted by D2N2 and by Midlands Engine, and we will work with them to ensure that the Council’s views are taken into account. We may also be party to a response by the Joint Committee across the D2N2 area, focusing on Infrastructure, Employment and Skills, Housing and One Public Estate.
- 11) The Industrial Strategy consultation is live at the same time as the Housing Strategy White Paper. Officers will work together in formulating both responses, as there are close correlations in the policies and contributions to local economic growth.
- 12) Given the complexity and comprehensive nature of the Industrial Strategy Green Paper, it is also intended to work with stakeholders and the business community to help inform the Council’s response to ensure that it adequately reflects business needs.

## **Other Options Considered**

- 13) Not to respond: this is a major policy initiative at national level in one of the Council’s priority themes, economic growth, so it will be essential to have some influence on this agenda.
- 14) Only to respond through the City of Nottingham and Nottinghamshire Economic Prosperity Committee: we need to have the opportunity to address local issues that are specific to Nottinghamshire, therefore a separate Council response is necessary.

## **Financial implications**

15) This a consultation response and there are no financial implications.

## **Statutory and Policy Implications**

16) This report has been compiled after consideration of implications in respect of crime and disorder, finance, human resources, human rights, the public sector equality duty, safeguarding of children and vulnerable adults, service users, sustainability and the environment and ways of working and where such implications are material they are described within the body of the report.

## **RECOMMENDATIONS**

17) It is recommended that Committee:

- a) Notes the contents of the Government's recently launched Industrial Strategy Green Paper;
- b) Notes the City of Nottingham and Nottinghamshire Economic Prosperity Committee's intention to submit a shared consultation response to Government;
- c) Provides initial views on the issues highlighted in this paper so that they can be taken into account in the Council's response;
- d) In order to meet the Government's deadline of the 17<sup>th</sup> April 2017, gives delegated authority for the Council response to be submitted to Government by the Corporate Director, Place, following consultation with the Leader of the Council, the Chair of Economic Development Committee and Opposition Spokespersons.
- e) Receives a copy of the final consultation response, for noting, at a future meeting.

**Adrian Smith**  
**Corporate Director, Place**

**For any enquiries about this report please contact:**  
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### **Constitutional Comments [EP 14.03.2017]**

The recommendations fall within the remit of the Economic Development Committee by virtue of its terms of reference.

### **Financial Comments [SES 14/03/17]**

There are no specific financial implications arising directly from this report.

### **Background Papers and Published Documents**

- Building Our Industrial Strategy – Green Paper January 2017 - <https://www.gov.uk/government/consultations/building-our-industrial-strategy>

- [Building our Industrial Strategy: Green Paper](#) – Report to the City of Nottingham and Nottinghamshire Economic Prosperity Committee, published 24<sup>th</sup> February 2017

**Electoral Division(s) and Member(s) Affected**

All