Economic Growth Overview and Scrutiny Committee

Dorset County Council



Date of Meeting	27 March 2017				
Officer	Matthew Piles, Service Director, Economy				
Subject of Report	Building our Industrial Strategy - Developing our response to Government's Green Paper				
Executive Summary	The Government, through the Department for Business, Energy and Industrial Strategy, has published a Green Paper 'Building our Industrial Strategy', for consultation up to 17 th April 2017.				
	The strategy is intended to address the long-term challenges to the UK economy, and improve living standards through economic growth by increasing productivity and driving growth across the whole country.				
	It is proposed that a combined Dorset response to the Green Paper be prepared, representing the nine Councils and the Local Enterprise Partnership. In addition the County Council should makes its own representations to endorse the collective view and highlight elements of particular significance to achieving its corporate objectives.				
Impact Assessment:	Equalities Impact Assessment: this is a Government Green Paper and as such should be subject to an assessment throughout the policy development process.				
	Use of Evidence: Green Paper prepared by HM Government				
	Budget: no budget implications for Dorset County Council arising from the Green Paper.				
	Risk Assessment:				

	Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk LOW
	Other Implications: None
Recommend ation	 It is recommended that the Committee: 1) supports the development of a collective Dorset response to the consultation on behalf of the nine Dorset Councils and the Local Enterprise Partnership, co-ordinated by the Places & Prosperity Group, 2) endorses the view of the Dorset Leaders Growth Board of the priority pillars for the growth of the Dorset economy (see paragraph 3.5 of this report), and, 3) discusses the Green Paper and provides a steer for the completion of a County Council response to the consultation, taking into account the points raised in section 3 of this report.
Reason for Recommend ation	The development and delivery of a national Industrial Strategy will have significant implications for the Council's capacity and ability to deliver on its corporate objectives, particularly around prosperity.
Appendices	Appendix 1: mapping of Dorset County Council economic growth priorities and activities against 10 'pillars' of Building our Industrial Strategy
Background Papers	Building our Industrial Strategy, Green Paper, HM Government, January 2017 <u>https://beisgovuk.citizenspace.com/strategy/industrial-</u> <u>strategy/?utm_campaign=gov&utm_source=gov.uk&utm_medium=referral</u> <u>&utm_content=homepage</u> Enabling Economic Growth 2017-2020, Dorset County Council, December 2016
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1. Background

1.1 The Government launched a Green Paper entitled Building our Industrial Strategy in January 2017. The Industrial Strategy is a critical part of the Prime Minister's ambitions to build an economy that works for everyone. It seeks to drive growth right across the United Kingdom, using major new investments in infrastructure and research to drive prosperity, creating more high-skilled, high paid jobs and opportunities.

- 1.2 The Green Paper is published for consultation, with responses required by 17 April. Responses are invited to contribute to a broad discussion on approach and ideas, and in response to thirty-nine specific questions.
- 1.3 The Green Paper was considered by the Dorset Leaders Growth Board on 6th March 2017, where it was agreed to contribute to a collective Dorset response on behalf of the nine Dorset councils and the Dorset Local Enterprise Partnership, to be coordinated by the Places & Prosperity Group. This does not negate the opportunity for individual councils to submit responses, but does seek to ensure an element coordination and consistency of message from Dorset. The Board also requested the Dorset Economic Development Officers Group to prepare a detailed response to the thirty-nine questions posed by the Government throughout the Green Paper.

2. Building our Industrial Strategy

- 2.1 The Industrial Strategy is based upon three challenges, to:-
 - 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
- 2.2 The objective of the strategy is to improve living standards and economic growth by increasing productivity and driving growth across the whole country.
- 2.3 Ten pillars for the industrial strategy have been identified, that are said to drive growth. These pillars are identified in appendix 1, mapped against the objectives and priority actions from the County Council's Enabling Economic Growth Strategy.
- 2.4 Under the ten pillars the Green Paper lists a range of existing and some new initiatives and funding streams, and identifies some areas where further work is being undertaken to shape an appropriate approach, including inward investment.
- 2.5 Investment is proposed in science, research and innovation, skills development (with an emphasis upon technical education), digital, transportation and energy infrastructure. The barriers to entrepreneurship and business scale-up need to be identified and addressed, in order for UK companies to be able to grow into major global players.
- 2.6 The importance of a patient and consistent approach is recognised, in order to provide certainty as the Government aims for a smooth and orderly exit from the European Union. This is reflected in the encouragement to build future trading relationships and open up new markets.
- 2.7 Disparities between parts of the UK in terms of income, living standards, productivity and skills are highlighted as larger than our competitors. These hold back the UKs growth and limit opportunities for too many people. The Industrial Strategy states that experience suggests that strong, streamlined, decentralised governance, such as though city deals, growth deals and mayoral devolution deals, can improve economic decision making and spur innovation and productivity gains.
- 2.8 Driving growth across the whole country is one of the ten pillars of the strategy, and this recognises the challenges faced by towns and rural areas to increase productivity and wages. However, much of the investment and initiatives identified relates to cities, the Northern Powerhouse and the Midlands Engine.

2.9 A new and interesting approach in the Industrial Strategy relates to cultivating worldleading sectors, with the Government proposing an 'open door' challenge to industry to develop proposals to transform their sectors through Sector Deals.

3. Comment

- 3.1 The publication of Building our Industrial Strategy and the opportunity to enter into dialogue on the Green Paper should be welcomed. This is a Green Paper for discussion, the opportunity ought to be grasped to influence the development of policy, and inform the Government of the growth potential and challenges of Dorset.
- 3.2 The Green Paper is a sprawling discussion paper and covers a great deal of ground and subject matter. A strategy should be ambitious, strategic and identify priorities for action and investment. The current document contains a long list of policy interventions but lacks the framework for future decision making which should be the core of a long-term strategy. This should evolve from the consultation process, and it would be helpful to reduce the ten pillars to a more focused and less over-lapping set of priorities.
- 3.3 The focus on increasing productivity and innovation is to be welcomed, and the Government needs to fully appreciate that this must and does happen across the whole country. The strategy needs to be forward looking, recognising changing work and investment patterns enabled by improved digital connectivity and sector opportunities. In shaping the post-Brexit economic investment landscape the importance of towns and rural areas must be recognised.
- 3.4 Whilst making the case for growth cross the whole country, note must be taken of the references to the Northern Powerhouse, the Midlands Engine and major strategic investments such as HS2. If Dorset is to attract significant investment a convincing business case will be required, and this is likely to be at a scale larger than the current LEP geography. Initial discussions have commenced relating to a 'Great South West', but we must recognise and exploit alliances and collaborations in all directions to build upon our strengths and opportunities.
- 3.5 The Dorset Leaders Growth Board discussion referred to in paragraph 1.3 above identified four of the ten pillars as being of greatest priority for the Dorset economy:-
 - Investing in science, research and innovation
 - Developing skills
 - Upgrading infrastructure
 - Cultivating world-leading sectors
- 3.6 It is proposed that this prioritisation be endorsed in the Council's response to the Green Paper, together with a call for genuine co-ordination and collaboration across the pillars and including all Government Departments (how does the Green Paper relate to the 25 year environmental plan being prepared by the Department for Environment, Food and Rural Affairs?)
- 3.7 Governments do not have a very good track record when it comes to picking winners in terms of economic growth sectors. The broader thinking encapsulated in the Green Paper does not include aspects of food and farming, biotechnology and the bioeconomy, as well as the application of new energy technologies and robotics in agriculture. The development of the agri-tech sector underway in Dorset, and in collaboration with partners in the South-West, needs to be recognised and supported at a national level. The challenge is laid down in the Green Paper to propose sector deals to the Government, and this will be more challenging for some sectors where

such collaboration has not been typical or further refined. Dorset must continue a constructive dialogue with Government on the sectors and potential clusters crucial to the local economy and how we can jointly enable further growth, enhanced skills and productivity, resulting in increased prosperity.

- 3.8 Delivering affordable energy and clean growth is laudable and necessary, but the paper is vague on what the Government understands as a low carbon economy.
- 3.9 Creating the right local institutions is possibly an inappropriate pillar, and should be considered as an essential part of the infrastructure under-pinning and delivering the Industrial Strategy. A review of the role of Local Enterprise Partnerships will be undertaken, within the context of the changing landscape of local government and creation of Combined Authorities. Consideration will also be given to the most appropriate means for channelling investment and support, as the recent conclusion of Growth Deal 3 marks the total allocation of the funding committed within the current term of the Government.

Matthew Piles Service Director - Economy March 2017

Appendix 1: mapping of Dorset County Council economic growth priorities and activities against 10 'pillars' of Building our Industrial Strategy

DCC economic growth objectives to make Dorset more	competitive	connected	talented	responsive
10 pillars of Building our Industrial Strategy	 Investing in science, research & innovation* Supporting businesses to start and grow Encouraging trade & inward investment Cultivating world leading sectors* 	 Up-grading infrastructure* Delivering affordable energy & clean growth Delivering growth across the whole country 	• Developing skills*	 Improving procurement Creating the right local institutions
DCC activities include	 Successful delivery of the Enterprise Zone, Dorset Innovation Park Sponsor business start-up courses Accountable body for Dorset Growth Hub Sponsor Dorset Mentoring scheme Host Property Pilot project Inward investment Support key sectors 	 Deliver the Digital Investment Strategy for Dorset, including super and ultra-fast broadband and enhanced mobile telephone coverage Deliver sustainable, integrated transport network Manage Growing Places Fund for Dorset LEP 	 Engage in delivery of Dorset Skills Strategy Work with schools to deliver impartial careers advice and improve their knowledge of the local economy Delivery of Careers College Deliver the Council's apprenticeship programme, traineeships and assisted internships 	 Develop and deliver the Western Dorset Economic Growth Strategy Facilitate access to external funding opportunities to enable economic growth Provide a strong and concerted voice for Dorset Provide economic intelligence and data Manage and deliver LEADER rural development
	*Priority pillars fo 2017	or Dorset as agreed a	t the Leaders Growt	development