

**11 March 2019**



## **Local Industrial Strategy**

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### **Joint report of Lorraine O'Donnell, Director of Transformation and Partnerships and Ian Thompson, Corporate Director of Regeneration and Local Services**

#### **Electoral division(s) affected:**

Countywide

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

- 1 To provide members of the Economy and Enterprise Overview and Scrutiny Committee with background detail on the Local Industrial Strategy prior to a presentation by Glenn Martin, Regeneration Policy Team Leader, Durham County Council and Brian Archer, Managing Director, Business Durham.

#### **Executive Summary**

- 2 The national Industrial Strategy was published in 2017 with the aim of boosting productivity which in turn should lead to better wages for workers. It aims to make the UK the world's most innovative economy, improve the quality of jobs and infrastructure, support new businesses and improve prosperity across the country. It identifies four major technological challenges that need to be tackled and is complemented by a series of sector deals with specialist sector bodies.
- 3 The Industrial Strategy also outlines the need for Local Enterprise Partnerships and Mayoral Combined Authorities to develop Local Industrial Strategies (LIS). The North East Local Enterprise Partnership will be amongst the first in England to prepare a LIS and Business Durham is leading on preparing evidence to support this.

#### **Recommendations**

- 4 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and the presentation.

- 5 That the Economy and Enterprise Overview and Scrutiny Committee includes in its 2019/2020 work programme a further progress update on both the development of Durham's Industrial Strategy and the Local Industrial Strategy.

## Background

- 6 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny held on 26 June 2018 when discussing the committee's future work programme for 2018/19 it was agreed that a progress update should be provided to the committee at the meeting on the 11 March 2019 on the Government's Industrial Strategy.
- 7 Subsequently at the meeting of the committee held on 25 September 2018 when considering a presentation from Business Durham which included detail of future opportunities it was commented that County Durham had a role in influencing the Local Industrial Strategy so that it reflects issues in County Durham. It was suggested by members that the Local Industrial Strategy should also be included in the committee's 2018/19 work programme.
- 8 Arrangements have been made for Glenn Martin, Regeneration Policy Team Leader, and Brian Archer, Managing Director, Business Durham to attend the meeting on 11 March 2019 to deliver a presentation focusing on:
- The UK's National Industrial Strategy
  - The development of the Local Industrial Strategy by the North East Local Enterprise Partnership
  - Current activity in Durham
  - The opportunities and challenges for Durham

A copy of the presentation slides are attached as Appendix 2.

## Context

- 9 In November 2017, the Government published the [Industrial Strategy](#) which aimed to "*set out a long-term plan to boost the productivity and earning power of people throughout the UK*". The vision for the strategy is fivefold:

- The world's most innovative economy
  - Good jobs and greater earning power for all
  - A major upgrade to the UK's infrastructure
  - The best place to start and grow a business
  - Prosperous communities across the UK
- 10 The five elements of the vision form the basis for the five foundations of productivity which are ideas, people, infrastructure, business environment and places. In addition to these, the strategy identifies areas where the UK can take a lead in global technological development. These are known as the four 'grand challenges' of artificial intelligence, future of mobility, clean (e.g. low carbon) growth, and the ageing society.
- 11 A number of ['sector deals'](#) are also being agreed between the Government and the organisations that represent industrial sectors. Currently eight have been agreed for the following sectors:
- Aerospace
  - Artificial intelligence
  - Automotive
  - Construction
  - Creative
  - Life sciences
  - Nuclear
  - Rail
- 12 Since its publication, the Industrial Strategy has been used as an umbrella under which a range of Government investments can be promoted. It references the Shared Prosperity Fund which is due to replace European funding after Brexit but we are still awaiting a consultation on this fund which will be crucial to regeneration in County Durham. The strategy also makes several references to the economic opportunities that the UK will have after Brexit, but Brexit has clearly become the main challenge for the Government and economy.
- 13 The Industrial Strategy also provides the framework for 'Local Industrial Strategies' (LIS) which the Government expects Local Enterprise Partnerships or Combined Authorities to develop. In the North East it has been agreed that the North East Local Enterprise Partnership (NELEP) will prepare the LIS, which will build on the evidence and direction of the [North East Strategic Economic Plan](#) but will focus more heavily on improving productivity.

- 14 In October, the Government published a [LIS policy prospectus](#) as well as updates on the progress towards LISs for [Greater Manchester](#) and the [West Midlands](#). These give an insight into what the Government expects LISs to include, how they link to the national Industrial Strategy, and an outline of the Government support available. The North East LIS will be amongst the first in the Country to be developed and is expected to be published towards the end of 2019.
- 15 County Durham will have numerous opportunities to influence the development of the Local Industrial Strategy including NELEP Board and Innovation Board and the North East Combined Authority. NELEP also hold consultation events, formal consultations and has established an 'Evidence Forum' which the vice chair of the County Durham Economic Partnership attends.
- 16 County Durham has several opportunities and assets which can be maximised: world class research capacity, cultural and tourism assets, strategic employment sites, the largest share of businesses in the North East, connected transport corridors, and improving skills levels across the working age population alongside lower labour costs compared to rest of UK. It is also one of the safest places to live, work and visit. In the last three years, 40 multinationals have invested in the county and there is £3.4Bn of planned investment, creating 100,000 new jobs by 2024.
- 17 There are major economic challenges which need to be met in the coming years: the ageing population, and digitalisation of the economy, the changing nature of work, and climate change. Business Durham is therefore preparing evidence that can be used to influence the Local Industrial Strategy with a view to supporting the implementation of corporate priorities.

### **Next steps**

- 18 Business Durham will continue to develop evidence that supports the delivery of corporate priorities.
- 19 Durham will continue to engage in the development of the North East Local Industrial Strategy via every available channel.

### **Conclusion**

- 20 Members will be aware of the areas of focus in the Local Industrial Strategy, how work is currently ongoing in County Durham to develop and deliver a County Durham Industrial Strategy and opportunities for areas of focus identified in the County Durham Industrial Strategy to influence the Local Industrial Strategy.

## Background Papers

- 21 The UK's Industrial Strategy <https://www.gov.uk/government/topical-events/the-uks-industrial-strategy>

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable