



HM Government

Local Industrial Strategies

Policy Prospectus

October 2018

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“ We will work in partnership with places to develop Local Industrial Strategies, which will be developed locally and agreed with Government ”

Industrial Strategy: Building a Britain fit for the future (November 2017)

Introduction

The recently published Strengthened Local Enterprise Partnerships set out that reformed and stronger Local Enterprise Partnerships will adopt a single mission: to promote productivity by delivering Local Industrial Strategies.

We are now setting out the objectives, policy rationale and approach to developing Local Industrial Strategies in partnership with places. We will also outline next steps on engagement and implementation with Mayoral Combined Authorities and Local Enterprise Partnerships.

We want to build on the innovative approaches in Scotland, Wales and Northern Ireland.

This includes building on City and Growth Deals, supported by their respective boards, and working with places in Scotland, Wales and Northern Ireland - and with our partners in each devolved administration - to explore Local Industrial Strategies that align with regional, national and UK priorities.

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Summary and objectives

Local Industrial Strategies will be long-term, based on clear evidence and aligned to the national Industrial Strategy.

They should set out clearly defined priorities for how cities, towns and rural areas will maximise their contribution to UK productivity. Local Industrial Strategies will allow places to make the most of their distinctive strengths. They will better coordinate economic policy at the local level and ensure greater collaboration across boundaries.

Subject to Local Industrial Strategies being agreed in places by Government, they will help to inform local choices, prioritise local action and, where appropriate, help to inform decisions at the national level.

They will also provide strategic overview which will inform Local Enterprise Partnerships' approach to any future local growth funding deployed through them. In conjunction with the key reforms set out in the Strengthened Local Enterprise Partnerships, Local Industrial Strategies will help local areas in England decide on their approach to maximising the long-term impact of the new UK Shared

Prosperity Fund once details of its operation and priorities are announced following the Spending Review.

Government is committed to Local Industrial Strategies so that all places:

- ▶ **Are able to increase productivity and realise their potential:** building on well-evidenced and distinctive strengths aligned with the national Industrial Strategy.
- ▶ **Set out the spatial impacts of national and local policy across our cities, towns and rural areas:** informing priorities and choices and demonstrating how they will allow all communities to contribute to, and benefit from, economic prosperity.

Context

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The modern Industrial Strategy set out the Government's ambition to increase productivity and earning power across the country. Yet our economic success has never been forged by central Government alone. It has required the ambition and ingenuity of local business and civic leaders.

Since 2010, we have delivered on an ambitious agenda including: **City Deals**, which provided the toolbox for places to address specific opportunities and challenges; **Devolution Deals**, which took this further, placing the responsibility and rewards of economic growth in the hands of newly elected **Metro Mayors**; and **Local Enterprise Partnerships** across the country, which developed **Strategic Economic Plans** to invest through the **Local Growth Fund**. Local Industrial Strategies will build on this approach. They will allow us to deepen partnerships and establish new ways of working between national and local government, and the public and private sectors.

As set out in the Industrial Strategy White Paper, we expect that Local Industrial Strategies will help guide the strategic use of local funding streams; they will also act as a gateway to any future local growth funding being deployed through strengthened Local Enterprise Partnerships. Local Industrial Strategies should, however, remain strategic documents and not contain any proposals that require new funding or have spending implications outside of existing budgets available to local areas.

Rationale

We know that growth does not happen in the abstract.

Cities, towns and rural areas across the UK contribute to growth at the national level. They have different assets and different opportunities to capitalise on emerging technologies or new global markets.

Local Industrial Strategies should set out clearly defined objectives to increase the productivity of the local economy. They will address local strengths and weaknesses, as well as market opportunities and failures. Barriers to growth also vary across the country - and within localities - so the appropriate mix of policies to boost productivity will vary too.

In England, Local Industrial Strategies provide an opportunity for Local Enterprise Partnerships and Mayoral Combined Authorities to engage and involve business in developing a shared vision for the long-term. To achieve this, Local Industrial Strategies will need to

be a product of extensive consultation with businesses, a broad range of public partners and the civil society sector. Where assets, opportunities and challenges extend beyond their geographies, we encourage Local Enterprise Partnerships and Mayoral Combined Authorities to collaborate across those boundaries to maximise growth through initiatives such as the Northern Powerhouse and Midlands Engine. Local Industrial Strategies should also set out where and how places can best work with Government to address shared priorities.

Developing a Local Industrial Strategy

As we set out in the Industrial Strategy White Paper, we will work in partnership with places to develop Local Industrial Strategies, which will be developed locally and agreed with Government.

Places in England with a Mayoral Combined Authority will have a single strategy led by the mayor and supported by Local Enterprise Partnerships. For parts of England without a mayor, the development of the strategy will be led by the Local Enterprise Partnership.

The Industrial Strategy White Paper set out that the first Local Industrial Strategies will be agreed with Government by March 2019.

Government will aim to agree all places' Local Industrial Strategies in England by early 2020. Agreeing a Local Industrial Strategy for their area with Government will be a necessary condition for Mayoral Combined Authorities and Local Enterprise Partnerships to draw down any future local growth funding being deployed through them.

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Agreement of Local Industrial Strategies will be dependent on a Local Industrial Strategy being consistent with this document.

To be successful, Local Industrial Strategies must be developed from the bottom up and led by those who best know the needs of local economies. Our experience of working with trailblazer areas has allowed us to inform locally-led approaches.

Local Industrial Strategies should:

Evidence

Set out a robust and open evidence base. This will draw out the relative strengths and weaknesses of the local economy, with an emphasis on increasing productivity. Places should harness the expertise of universities, independent experts, the civil society sector and other stakeholders to develop a granular understanding of the local economy.

Focus

Map out specific opportunities and challenges. This will build:

- ▶ **On specific distinctive local strengths and address any local weaknesses.** This may involve an emphasis on skills, whilst in others it may be land supply, congestion or working with relevant local authorities in the delivery of housing where it is a barrier to growth.

In others, it may involve harnessing distinctive strengths to meet the Industrial Strategy's **Grand Challenges** (Artificial Intelligence and data; ageing society; clean growth; future of mobility). And for others, it may involve identifying weaknesses in productivity across their local areas or communities, such as in isolated rural or urban communities.

- ▶ **Across the foundations of productivity.** As well as articulating specific strengths, any strategy intending to drive productivity must address the fundamentals of local economies. In line with the Industrial Strategy, local strategies should identify priorities across **Ideas, People, Infrastructure, Business Environment and Places.** In addition to this, they should set out the inter-connectedness of these priorities in a place, and where local action will add value in providing greater policy integration.

Collaboration

Make clear how Mayoral Combined Authorities and Local Enterprise Partnerships will work in partnership with public and private stakeholders to achieve their ambitions. The best Local Industrial Strategies will show how places have brought together partners to achieve shared ambitions within and across boundaries. This could include how partners collaborate across broader regional geographies such as the Northern Powerhouse and Midlands Engine. This will allow strategies to inform choices of how to improve productivity.

Prioritisation

Prioritise specific, achievable and long-term ambitions. Using this evidence, these priorities should relate to specific challenges and future opportunities to enhance productivity. Local Industrial Strategies should not set out to be exhaustive, but instead identify a strategic course, supported by complementary policies and actions.

Evaluation

Set out clear plans to evaluate progress. This should be proportionate and initiated from the start of the process. The best Local Industrial Strategies will specify what success looks like and build in a transparent mechanism for monitoring how it is being achieved. Places should continue to engage with independent expertise in this area. This could include drawing on the lessons of policy evaluation such as the *What Works Centre for Local Economic Growth* and their recent work around Local Industrial Strategies.

Next steps on implementation and engagement

Will all Mayoral Combined Authorities and Local Enterprise Partnerships develop a Local Industrial Strategy?

We have invited all remaining Mayoral Combined Authorities and Local Enterprise Partnerships to begin developing a Local Industrial Strategy.

We have already been working intensively with Greater Manchester, West Midlands and partners across the Oxford - Milton Keynes - Cambridge corridor to develop trailblazer Local Industrial Strategies. Our approach has drawn on this approach.

This invitation is subject to places demonstrating commitment to responding to the recommendations of the Strengthened Local Enterprise Partnerships in full.

How should Local Enterprise Partnerships demonstrate they are committed to implementing the Local Enterprise Partnership review recommendations?

We expect all Local Enterprise Partnerships to show how they intend to use additional capacity funding to support future work on Local Industrial Strategies.

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We expect to receive this material alongside an implementation plan to respond to Strengthened Local Enterprise Partnerships, which will include any suggested changes to Local Enterprise Partnership geography.

What are the next steps for engagement?

The Government will take a phased approach to working with places across the country and announced the second wave of places in July. We encourage all Mayoral Combined Authorities and Local Enterprise Partnerships to continue to work towards developing their Strategy.

Government will work with the Local Enterprise Partnership Network and others to establish a series of regional workshops over the coming months. This will allow us to support locally-led work, discuss the policy principles in more detail, and ensure the sharing of approaches within the sector.

All Local Enterprise Partnerships and Mayoral Combined Authorities will have dedicated official support from an Area Lead within the Cities and Local Growth Unit - a joint Unit between the Department for Business, Energy and Industrial Strategy and the Ministry of Housing, Communities and Local Government.

Government will also be undertaking further work with a wide range of partners, including universities, think tanks, and business representative organisations, as we continue to develop our approach. This will ensure that the policy development is informed by latest thinking and international best practice.

What is within the scope of a Local Industrial Strategy?

The national Industrial Strategy provides a policy framework against which major private and public sector investment decisions can be made with confidence. Our national framework will only be effective if it reflects and makes the most of opportunities and challenges facing places across the country. As set out above, priorities will vary across the country. They might include ambitions to drive housing growth, make use of land supply, improve local skills or strengthen communities. They will also need to make use of existing local governance arrangements.

Will there be additional funding to develop a Local Industrial Strategy?

As set out in Strengthened Local Enterprise Partnerships, we will provide an additional £200,000 in 2018/19 to Local Enterprise Partnerships that clearly set out how they will adopt its recommendations. This will allow them to both implement the review and embed evidence within Local Industrial Strategies.



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