

Solace Response to Government's Building our Industrial Strategy Green paper

Solace is the representative body for over 1200 Chief Executives and senior managers working in the public sector in the UK, committed to promoting public sector excellence. We provide our members with opportunities for personal and professional development, and seek to influence debate around the future of public services to ensure that policy and legislation are informed by the experience and expertise of our members. Whilst the vast majority of Solace members work in local government, we also have members in senior positions in health authorities, police and fire authorities and central government.

Solace welcomes the opportunity to respond to Government's 'Building our Industrial Strategy' Green Paper, published on 23 January 2017, which sets out a critical agenda for the country as a whole as well as our local communities. This response has been developed with input from the Solace Policy Board and SOLACE members more widely.

Key Messages

- **Solace welcomes the Government's approach** to an Industrial Strategy setting out plans for a stronger economy and fairer society, where wealth and opportunity are spread across every community.
- We broadly welcome the Strategy which aims to improve living standards and economic growth by driving productivity and more **balanced growth across the country, as vital for the UK as a whole and our local communities**. We believe the document broadly identifies the right areas of focus and the analysis set out by the Government is a useful framework to stimulate debate.
- The delivery of an Industrial Strategy, in a way which is sensitive to places' strengths and potential, provides the opportunity to reverse the long trend to centralism. **Empowering local** areas to be better prepared for a future outside of the European Union, allowing them to compete globally **with locally devised and resourced strategies is a key opportunity for the UK**.
- The ten pillars set out in the strategy, representing the drivers and enablers of growth, are broadly the right areas. **Local Government plays a key role in creating the conditions for growth by bringing together these drivers and enablers at the local level**.
- It is **critical that the national approach provides for flexibility across these strands of activity to allow cross-cutting delivery in localities**, which can respond to specific local circumstances, strengths and need.

- Recognition by Government that the **'place' dimension is critical** to driving growth across the country is positive, and Local Government plays a key role in **providing the Local Leadership** in this area.
- We suggest **'quality GVA'** is adopted as a measure by Government in assessing the potential of interventions to take on board changes in inequality as well as aggregate growth.

Creating the right institutions to bring together sectors and places

- Solace supports Government's commitment to building on the approach of City Deals and Devolution Deals, and allowing Local Government to bring forward, proactively, solutions that best meet the needs and economic opportunities of their own local areas.
- Alongside the considerable strengths we have as a sector, e.g. understanding our local areas, the economic opportunities, our assets, planning powers, and ability to convene the right partners, we recognise that to deliver the Industrial Strategy we need the capacity (skilled individuals and the appropriate institutions) and resources to make sound interventions.
- Local Government is ready to take up the challenge, and we have shown we are proactive, forming partnerships and working across-boundaries and with a range of partners (including HEIs, FEIs, and industry) to take advantage of economic opportunities as they present themselves. A Government which is responsive, and agile in its response to these partnerships, and is willing to provide support (including financial) is welcome.
- We want our places to prosper, however we fear that under the current Government approach to 'deal making', in which proactive development of opportunities is rewarded with support from Government, our capacity to drive local economies could be at risk because of the increasing financial pressures faced by Local Government.
- Devolution of powers and funding has been greatly welcomed by Local Government and in a number of areas significant deals have been brokered between Government and Local Authorities, including Combined Authorities. Local Government has welcomed this approach from Government but recognises that dialogue between the UK Government and Combined Authority Elected Mayors should be one in a spectrum of means by which places engage with Government.
- As part of the national approach there needs to be a strengthening of local innovation and business growth ecosystems which can focus on commercialisation and to encourage and support increases in scale ups, exports, spin-outs and open innovation. Local Authorities play a significant role in this, through their relationships with business and

Universities, and by identifying and driving the partnerships and conditions whereby academic promise can be commercially realised.

Inclusive Growth – Rebalancing the Economy

- Allowing Local Government to develop solutions to meet the specific needs of places will support the aim of spatial redistribution. Recognising that in some places the proceeds of growth have not always ‘trickled down’ to all communities requires a different approach, and Local Government is best placed to identify the solutions that will support the hardest to reach communities. Through leadership of both the economic and social outcomes of their place, Local Government can effectively provide coordination of all public spending to support these agendas.
- Previous ‘deals’ and interventions from Government have prioritised growth via GDP contribution, however we suggest there should be a shift in the balance towards more broadly defined growth benefits. As proposed by the recent RSA Inclusive Growth Commission we would support the adoption of ‘quality GVA’ as a wider measurement framework for growth, enabling an assessment of aggregate growth as well as changes in inequality, the impact of investment on deprived populations and how far economic prosperity has spread.
- Building on strengths and established excellence is an approach that will yield results however there also has to be recognition that a sole focus on existing excellence will not meet ambitions to rebalance the economy and a more sensitive and equitable policy framework is required to identify and develop areas of potential.

Upgrading infrastructure and driving growth

- Solace welcomes the Government’s recognition of varying infrastructure needs and opportunities in different regions, and we welcome the proposals around upgrading infrastructure, including funding for housing infrastructure, local transport allocations and Government continuing work on improving flood defence and cyber resilience.
- References are made within the Green Paper to Government’s Housing White Paper published in February. Solace would like to re-emphasise the importance of the link between housing and growth. In many areas of the country growth ambitions will only be met if there is an increase in the number of homes built, alongside associated infrastructure solutions to support them and wider developments.
- Solace will be responding to the government’s ‘Fixing our Broken Housing Market’ consultation separately.

Developing skills

- The skills and employment agenda is crucial to achieving economic growth and productivity, both locally and nationally. As part of their responsibility for place shaping Local Authorities have a key role to play in stimulating and facilitating new partnerships between employers and providers to leverage demand for training in an increasingly market-driven funding system.
- In order to build strong local economies and thriving communities, it is vital to create relevant pathways for residents, to meet both high level skills needs as well as those at the entry level to ensure that everyone can contribute and benefit from growth. It is vital that investment is made into the whole skills system and areas such as the development of digital skills are supported. We welcome the intention to create a new technical education system, making this route clearer for individuals, as well as businesses.
- We welcome the proposals addressing basic skills, STEM shortages and the focus on sector-specific skills gaps that the UK faces. We think Government should maintain a whole labour market perspective to address the skills challenge and we would like to see a greater role, alongside resources, for Local Government in supporting new partnerships to address adult skills and in-work progression within the strategy. Solace wishes to continue engaging with the government and partners to progress this important agenda.

Post-Brexit Regional Economic Development Programmes

- European Structural Funds have, over successive programmes, played a key role in supporting economic growth in our places. As one of the few remaining funds allocated on the basis of economic need they have targeted those areas with lagging economic fortunes, but which provided a significant opportunity. We wish to see commitment from Government to a post-EU regional fund, or future Local Growth Fund programmes, to extend beyond the period of current commitments to 2020/2021, allowing local authorities, Local Enterprise Partnerships (LEPs) and partners to make medium and long-term plans to grow local economies, with the assurance there will be resource available to stimulate growth, support investable opportunities and make interventions where this is necessary.
- The Industrial Strategy Green Paper provides a key opportunity for Local Government to strengthen its role in promoting the economic, as well as social, prosperity of our 'places'. As a sector **we stand ready to work with Government to provide the solutions and local leadership to drive inclusive growth across the UK and in all our communities.**