



PROSPEROUS COMMUNITIES, PRODUCTIVE PLACES

How a deeper relationship with anchor businesses can drive place prosperity and business productivity

David Godfrey, Michael Tavares & Zayn Qureshi

About Localis

Who we are

We are a leading, independent think tank that was established in 2001. Our work promotes neo-localist ideas through research, events and commentary, covering a range of local and national domestic policy issues.

Neo-localism

Our research and policy programme is guided by the concept of neo-localism. Neo-localism is about giving places and people more control over the effects of globalisation. It is positive about promoting economic prosperity, but also enhancing other aspects of people's lives such as family and culture. It is not anti-globalisation, but wants to bend the mainstream of social and economic policy so that place is put at the centre of political thinking.

In particular our work is focused on four areas:

- **Reshaping our economy.** How places can take control of their economies and drive local growth.
- **Culture, tradition and beauty.** Crafting policy to help our heritage, physical environment and cultural life continue to enrich our lives.
- **Reforming public services.** Ideas to help save the public services and institutions upon which many in society depend.
- **Improving family life.** Fresh thinking to ensure the UK remains one of the most family-friendly places in the world.

What we do

We publish research throughout the year, from extensive reports to shorter pamphlets, on a diverse range of policy areas. We run a broad events programme, including roundtable discussions, panel events and an extensive party conference programme. We also run a membership network of local authorities and corporate fellows.

Contents

	Acknowledgements	3
	Foreword	4
	Executive summary	5
	Recommendations	6
1	Introduction	8
1.1	Local economic anchors and Local Industrial Strategy	8
1.2	Defining the relationship between economic anchor and place	9
1.3	Building place prosperity: what can business do for place?	9
1.4	Supporting business productivity: what can place do for business?	11
1.5	Doing the deal: An opportunity to lead	12
1.6	Structure of report	13
1.7	Methodology	13
	<i>What is "place"?</i>	14
2	Renewing the relationship between business and place	15
2.1	Local economic anchors: what are they and why are they so important?	15
2.2	Why places need to renew their relationship	18
2.3	And what happens when an anchor leaves...	24
2.4	What a new relationship could look like: the "Productivity deal"	25
2.5	Recommendations	26
3	Building place prosperity: what business can do for place	27
3.1	Local businesses	27
3.2	Local people	31
3.3	Local places	37
3.4	Recommendations	40
4	Supporting business productivity: what place can do for business	41
4.1	Ideas and innovation	42
4.2	People and skills	44

4.3	Business environment	47
4.4	Infrastructure	50
4.5	Place	52
4.6	Recommendations	54
5	Making it happen: the “Productivity Deal”	55
5.1	The Strategic Authority	56
5.2	Economic Development	58
5.3	Local funding	59
5.4	Corporate Social Responsibility	59
5.5	Responsible Business	61
5.6	Recommendations	62
6	Gatwick Airport and West Sussex County Council: A deal to be done?	63
7	Lessons for Local Industrial Strategy	75

Acknowledgements

This report developed through 2018 and huge thanks go to all who contributed. We are particularly grateful to the companies, councils, universities, LEPs, MPs and others who took time to be interviewed, to the CBI, Housing & Finance Institute, Business in the Community, the Joseph Rowntree Foundation, CLES, Scale-up Institute and others whose work has provided such a firm and informed basis for this report and to colleagues at the Department of Business, Energy & Industrial Strategy (BEIS) and the Ministry for Housing, Communities & Local Government for their interest, encouragement and insight. We would particularly like to thank Gatwick Airport for their positive approach and receptiveness to our ideas throughout and, above all, to West Sussex County Council for their expertise, advice and enthusiasm as the project has developed and grown. Any errors remain our own.

David Godfrey, Michael Tavares and Zayn Qureshi

Note: This report aims to support national policy thinking, but with practical local application. It is not intended to be a comprehensive analysis of all activity in any given area and we accept that many excellent initiatives by many other councils and agencies are already underway on which we hope this work may build. Interviewing for the research was qualitative and all interviews undertaken on the basis they were unattributable.

Foreword

There has never been such an important time for the private and public sectors to be working closely together to build prosperous communities; to ensure communities are brought back together and that everyone feels the benefit of national and local economic growth.

While the era of austerity may be drawing to a close, growing international competition, local economic disparities and the challenges and opportunities of Brexit mean that existing relationships should be re-examined and new ones forged. Building and maintaining prosperous communities must be at the heart of these new relationships.

In West Sussex, Gatwick Airport and West Sussex County Council already enjoy an excellent relationship. Over many years, we have supported each other, balancing high levels of growth with the needs and concerns of our local residents, both young and old. However, together, we want to do more.

The planned growth of the airport and the new economic priorities of the council now combine to offer the opportunity for a new way of working linked to the Local Industrial Strategy being developed by the C2C Local Enterprise Partnership of which we are both active partners. In recognising Gatwick's continued growth as a major world airport, we want to build local economic resilience and new opportunities for local growth which benefit local people. We want to strengthen confidence and trust within our local communities.

"Gatwick welcomes this report produced by Localis on behalf of West Sussex County Council. We recognise the vital role of the business Anchor, what that means for Gatwick and its importance to the local community and the wider regional economy. High on our list of priorities is ensuring we continue to build on our strong partnership with WSCC and other key partners across the region. This approach will ensure that growth is undertaken in a sustainable and constructive way that supports improved prosperity for our local communities."

Steward Wingate, CEO Gatwick Airport Ltd

We welcome this report which recognises the strong strategic relationship needed between major business and place to support local economic success and have been involved throughout its development. The report provides both policy insight and practical suggestions as to how a renewed relationship can be formed between a local economic anchor or major employer, and the place within which it operates. Most importantly, it combines the real need for business productivity and competitiveness with the ability to build prosperous communities. It demonstrates the mutual benefit of such a partnership.

In proposing a new relationship between place and economic anchor, the report makes a series of recommendations and presents West Sussex and Gatwick as a case study. Acting on the recommendations, our aim is to provide national leadership for how major businesses and place can work together in the development and delivery of their local industrial strategies.

We commend this report both the Government and to local places striving for local economic success.

Louise Goldsmith, Leader, West Sussex County Council

Executive summary

Productive businesses need prosperous communities to thrive and grow – prosperous communities need productive and profitable businesses. This report argues the relationship is symbiotic. However, the local economic landscape has changed and the relationship between major business and “place” must now be renewed if local industrial strategies are to deliver local economic success. Recommending that new, local productivity deals should be forged, the report argues that West Sussex and Gatwick Airport now have a unique opportunity to pioneer this approach.

At the heart of local prosperity are Local Economic Anchors (LEAs)– an area’s major employers or wealth generators. They are often what makes a place and its economy distinctive. But greater internationalisation, a disconnection between business growth and local benefit, the development of “doughnut” economies (with workplace wage levels much higher than those of local people) and increased business rate retention have all changed the relationship between major business and place. At the same time, the local approach to business can be fragmented.

Built around shared objectives and outcomes, local productivity deals will form a new social contract with business, both building place prosperity and supporting business productivity.

Building place prosperity: The report first considers actions that LEAs can take to build the *drivers of place prosperity*: local business, local people and local places. This includes setting the standard for good jobs, developing a local skills supply chain, supporting local housing as investors, employers or property holders and a commitment to local investment. It considers what happens when an anchor leaves – illustrating the wider social impact major employers have – and the mechanisms of business support.

Supporting business productivity: Taking each of the Industrial Strategy’s *foundations of productivity* - ideas and innovation, people and skills, business environment, infrastructure and place - the report then considers opportunities for place-based support. This includes co-ordinating the local public sector innovation offer to anchors and suppliers, supporting access to data, markets and finance, skills devolution, supply chain development and planning spatially for growth.

Making it happen: Bringing these together, the report argues a new strategic relationship should be put in place through productivity deals to establish a new way of working. It considers the need to enhance the role of strategic authorities¹, a new approach to Corporate Social Responsibility (CSR) linked more closely to Local Industrial Strategy (LIS) and the role of “responsible business”². Deals would be based around a balanced scorecard of what business can do for place and what place can do for business to build sustainable and prosperous communities.

With Gatwick Airport’s draft Masterplan launched in October 2018, the report considers the opportunity for West Sussex and Gatwick to test this productivity deal approach and offer national leadership in establishing a renewed relationship between business and place.

1 Localis (2017) - The Making of an Industrial Strategy; see also section 1.4

2 As championed by Business in the Community

Recommendations

- **A renewed relationship is needed between Local Economic Anchors (LEAs) – an area’s major employers or wealth creators – and “place” to deliver local economic success.** This must recognise a new way of working through the Local Industrial Strategy (LIS) to address challenges specific to economic anchors including the potential for “doughnut economies” to develop.
- **To deliver this renewed relationship, a *productivity deal* should be forged with economic anchors to deliver the LIS and prosperous communities.** Effectively forming a new social contract with business, this will balance increased productivity with place prosperity. It would be implicit not regulatory and at its simplest a commitment to shared objectives.
- **Strategic authorities should lead productivity deal conversations with LEAs,** spearheading the wider place offer to business while respecting the statutory responsibilities of public sector partners, including where LEPs have responsibility for LIS. Strategic authorities and local public sector partners are LEAs in their own right and should also lead by example.

Building place prosperity

- **LEAs should develop *skills supply chains*** to provide appropriate skills and people to support economic growth, ensuring support at primary stage through to application in the workplace, with greater investment in local institutions and the local education offer.
- **The new relationship with LEAs should build place prosperity and community prosperity reflecting wider social and housing needs.** Through LIS, a more granular approach is required to community investment addressing major but, sometimes hidden, issues affecting business productivity including social mobility, housing and public health. In building social prosperity, it must go further than GVA and jobs.
- **The increased stake of businesses in place prosperity through increased business rate retention should be recognised, re-setting their relationship with councils.** Where there is appetite to supplement business support, Business Improvement District (BIDs) should be encouraged. Government should also enable Property Owner BIDs, promoting landlord communication and investment as part of new menu of business and place engagement including the potential for a growth dividend.

Supporting business productivity

- **Place support to business should be built around the 5 foundations of productivity,** recognising that LIS is the local manifestation of national Industrial Strategy. It should support both Sector Deals and Grand Challenges to access national opportunities and funding.
- **Devolution to non-metropolitan areas of spatial planning and skills should be an urgent priority for Government.** A step-change is needed in devolution in non-metropolitan areas. The Apprenticeship Levy should be retained locally.

Making it happen

- **Local businesses should report against a balanced scorecard of qualities of economic anchors** in support of LIS, building business productivity and place and social prosperity.
- **Strategic councils should forge a renewed role in economic development as a broker, enabler and facilitator of growth.** This role should be recognised in local council funding. In delivering LIS, strategic authorities should target opportunities, support and interventions to LEAs.
- **LIS provides the opportunity for businesses to re-align their CSR investment** in support of local place prosperity.

Gatwick and West Sussex: A deal to be done?

- **In its negotiations around airport expansion, West Sussex County Council should explore the potential for a productivity deal with Gatwick Airport** to establish a new way of working towards shared commitments to increased productivity and prosperous local communities.

Further learning can be found in **Lessons for Local Industrial Strategy**.

Strategic authorities

In *The Making of Industrial Strategy* (2017), Localis defined strategic authorities as the bodies leading Local Industrial Strategy, “most commonly a formal collaboration of local authorities across a geographical area”. This research accepts that mayors and LEPs are leading the development of LIS, but highlights the need for all local partners to be involved in these discussions respecting their individual statutory responsibilities, including counties, boroughs and districts. To support this, a strengthened strategic relationship is envisaged between place and major business led by strategic authorities. Reflecting the geographical breadth and spatial nature of the LIS and the regional impact of local economic anchors, in metropolitan areas this may be led by the elected Mayor and, in two-tier areas through a collaboration of partners, led by the county working closely both with and within the LEP’s Local Industrial Strategy and with the support of local boroughs and districts, each continuing to exercise their individual responsibilities.

1. Introduction

Prosperous communities are good for business and good for place. But what is the real contribution of business to local prosperity? Businesses provide employment and economic growth of course, but how far does this contribution stretch within the place it is located and how far should it - what is a prosperous community?

No business can exist in isolation. Corporate ownership may change and markets become more international, but the business itself will still operate within the parameters of local planning, rely on local infrastructure and require skilled people and a ready supply of labour to work for them. Going further, major businesses will also be linked directly to where they are located – think Nissan in Sunderland, Aviva in Norwich or Boots in Nottingham. They are synonymous with their place - place prosperity matters.

But in many places, communities are increasingly challenged. Local people may not be able to take full advantage of the opportunities that a major employer located close by can present because of lower skills or education. In turn, this may be the result of family breakdown, poor health or lack of an appropriate home. Immediate challenges of recruitment and performance may be caused by deeper-seated issues within the local community not immediately evident, but still potentially impacting upon business productivity.

Historically, this was most famously recognised by the early industrialists. Stories of Cadbury's Bourneville and Lord Lever's Port Sunlight may be from a different era but the principle of mutual benefit remains central for local economies. As Cadbury proved, when communities prosper, businesses prosper. For anchor businesses to thrive and remain productive, they need local supply chains, local skills, healthy and happy local employees. These deeper needs mean anchor businesses should consider how they use the levers available to them in building prosperous communities beyond a narrower, traditional approach to CSR.

1.1 Local economic anchors and Local Industrial Strategy

The positive effect of successful Local Economic Anchors (LEAs) – predominantly an area's major employers, rooted in a place and often synonymous with it – can, ironically, perhaps be seen most clearly when one leaves. When General Motors withdrew from Janesville in Wisconsin, the immediate impact on jobs and business supply chains was clear, but even now, with employment replaced, wages have fallen and family breakdown has increased. The LEA was also a social anchor, strengthening the fibres of its community. Social prosperity and business productivity were intrinsically linked.

Local Industrial Strategy (LIS) now provides an opportunity to overhaul our understanding of the role of anchors in building prosperous and productive places. The relationship should be symbiotic: prosperous communities attract and grow productive businesses which in turn further strengthen the prosperous community.

The Government's national Industrial Strategy lays bare our national productivity challenge. It identifies the drivers of productivity and the measures that Government will take to increase the UK's competitiveness and build

national prosperity. It is for places – strategic authorities³, councils, LEPs, universities, colleges and communities – to build their plans around this, the local manifestation of the national strategy.

But LIS must be about more than economic growth; it must create social benefit. For local communities, corporate profitability is sterile if local people do not feel the benefits of growth. Building prosperous communities must be a priority for LIS, connecting local people to local economic success.

1.2 Defining the relationship between economic anchor and place

The approach to LIS must be built around a strong, successful relationship between place and LEAs. As an area's major employers, these businesses make many local economies distinctive and drive regional growth.

This relationship must be strategic and meaningful. It must also be forward looking, recognising that an anchor business must continuously adapt and change to remain competitive. LIS must work at a level that makes sense to businesses whose major markets will be national and international, and local engagement must reflect this. At the same time, the granular understanding of local economies developed through LIS will enable clear local focus and action.

Place is more diffuse, encompassing a range of local public sector stakeholders. But place leadership will be vital in delivering LIS. In many cases, place may be led by LEPs (who in non-metropolitan areas will be responsible for LIS) as critical partners in economic growth. However, we argue that the intended scope of the strategies combined with the wider relationship with place and region would mean that individual business discussions should be led by the elected mayor or strategic authority leaders, with local partners. Critically, these meetings must be regular, strategic and with (or with the direct authority of) the most senior representatives of both place and employer.

At the heart of the relationship should be a dialogue between place and each of the largest employers about growth – with the shared ambition of building and sustaining prosperous communities. Too often, meetings with local business are transactional – one-offs – when what is required is a longer-term dialogue about how local and public sector plans align and support both growth and prosperous communities.

Underpinning this new relationship, central government must also show confidence in the understanding that places know what is best for them. Two-speed devolution giving city dwellers more power over their affairs than those choosing to live in the suburbs or country creates an inherent unfairness. Devolution beyond the metropolitan areas of the country is now long overdue.

1.3 Building place prosperity: what can business do for place?

Much current research around economic impact concentrates on good jobs and supply chains, particularly within the public sector, and provides valuable learning. However, the relationship with place must look beyond this towards wider social prosperity. Cadbury and Lever Brothers provide perhaps the most famous examples, recognising the value of social prosperity to the bottom line of their business. Anchor businesses become more competitive when they have competitive companies around them, while their employees need skills, a home to live in and a good environment for their families to grow up in.

³ Localis (2017) – The Making of an Industrial Strategy

The Drivers of Place Prosperity: What business can do for place

LOCAL BUSINESS

As well as supply chain benefits, it is vital the local business environment becomes more entrepreneurial and growth-friendly to create more and better jobs. Alongside this, anchors can promote a standard locally, driving up the quality of jobs and reward from increased productivity.

LOCAL PEOPLE

Businesses need both skills and people. The uncertainty around Brexit brings this into even sharper focus. Higher skills are essential for productivity and skills supply chains should be developed, but there is a much wider social dimension – the impact of automation, the emergence of doughnut economies around major employers with workplace wages much higher than those of local people, and the supply and availability of local housing.



LOCAL PLACES

For place prosperity, employers should be of a place, not just located in one – they have a clear stake in its wellbeing. Their impact in terms of employment, transport, environment, housing, education, safety and the social mobility of their community and people will be felt – positively or negatively – depending on how closely they engage. Local Industrial Strategy (LIS) can inform the actions of responsible companies⁴ and should be a plan to grow and sustain prosperous communities.

⁴ As championed by Business in the Community

1.4 Supporting business productivity: what can place do for business?

Critically, a strengthened relationship with place can support an employer's productivity - and hence profitability. Our research considers examples of support a place may provide to forge a renewed partnership with its LEAs. These are identified through the Industrial Strategy's "5 Foundations of Productivity"⁵:



5 HMG (2017) - Industrial Strategy: Building a Britain fit for the future

The CBI's Prosperity Agenda: Helping business create a more prosperous society⁶

The CBI speaks on behalf of 190,000 businesses of all sizes and sectors right across the UK and recognises that "when businesses succeed, it helps create opportunities for individuals, families and communities across the UK". Its Prosperity Agenda focuses on 5 priorities:

- Access to the people and skills needed for growth
- World-class enabling industries and infrastructure across the country
- Globally competitive tax, fiscal policy & regulation
- The climate and capabilities to innovate
- Easy and open access to world markets

Additionally, it highlights the importance of **unlocking regional growth**:

- Improving workforce skills by transforming the school system, and focusing on in-work training and adult skills development
- Clarity and visibility of the existing policies that raise business ambition and promote effective management practices
- Developing a clear pipeline of infrastructure priorities that will improve connectivity both between and within regions to widen the labour market pool
- Ensuring local areas have powers to transform education, target and prioritise infrastructure investment, and provide active business support.

1.5 Doing the deal: An opportunity to lead

For prosperous communities to develop and thrive, there needs to be a symbiotic relationship with anchor businesses. When a community is strong and prosperous, LEAs will succeed.

This report argues that local productivity deals should establish a new way of working. Built around shared objectives and outcomes, a productivity deal would effectively form a new social contract with business through the LIS.

At its simplest, a productivity deal would be a commitment to meet regularly and establish a strategic conversation between anchors and place. At its most comprehensive, it will be an agreement to a series of locally derived and defined indicators or commitments with work programmes to support.

Establishing a new way of way of working, reflecting both the economic and social prosperity of a place, productivity deals would be more focussed than simply GVA or profitability and may require the development of a wider reward index of local indicators. These would be place-specific and would form a *balanced scorecard* approach linking local productivity to place prosperity.

With the drive for local growth heightening as Brexit approaches, the relationship between places and LEAs and their role in building place prosperity must be strengthened. This is not simply a Brexit defence measure – it brings into focus the urgent need for a renewed and reinvigorated approach to deliver prosperous communities and local business success in a highly competitive and mobile commercial world.

⁶ CBI – Domestic Factsheet

1.6 Structure of report

The research starts with considering the importance of LEAs to the national and local industrial strategies, identifying the impact that anchors have on a place and its population's prosperity. It considers the changing economic landscape and nature of LEAs before putting forward ideas for how businesses, places and central government can improve this relationship for place and nation.

The report asks what business can do to support local social prosperity and what place can do to support business productivity and profitability. It identifies drivers of place prosperity and potential business impact before mirroring the Industrial Strategy, considering what place might do for business under each of the Government's five foundations of productivity. It considers how a successful relationship with a place can add value and support. It concludes by drawing lessons for the development of LIS and makes recommendations.

The report is completed by considering what a productivity deal may encompass through a case study of Gatwick Airport Ltd and West Sussex. It considers airports as an example of a modern anchor, unlikely to re-locate but subject both to international competition and regulation and to local planning and place policy.

1.7 Methodology

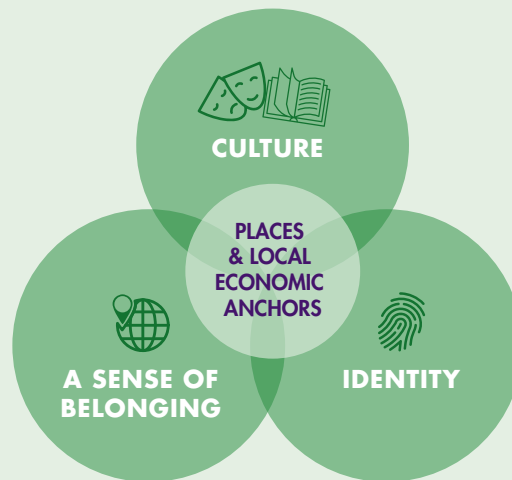
Commissioned by West Sussex County Council and national in focus, the report and findings rest on an extensive desk research, detailed statistical analysis and interviews with LEAs, business representative organisations, politicians and councils.

Research was conducted over the Summer and Autumn of 2018 and has included discussions with key Whitehall officials as the report has developed to ensure its alignment and relevance to emerging Government thinking and policy.

Appendices to the report can be found at www.localis.org.uk.

What is “place”?

Place and Local Economic Anchors



“Place” is central to how societies, communities or individuals organise their lives. Far from being simply a territory defined by its geographical characteristics and constraints, it should be viewed in relation to its people, culture, and identity.

“One must avoid the temptation to think of place only as a location or a piece of territory... A place is distinguished by its people, markets, governments, and institutions.”⁷

The relationship between spatial territory and its community creates a shared sense of identity and rootedness.”

- The Centre for Local Economic Strategies (CLES) argues that ‘despite the global economy and global culture, the UK – like many others – maintains a desire for the locally authentic. We crave a distinctiveness to our cities, towns and rural areas, hankering for making a ‘mark of place’ within this globalised world’.⁸
- CLES argues there is a growing localisation of the economy. They suggest one of the key factors in creating a strong local economy is the recognition of the potential of anchor institutions. The power that an anchor institution holds in increasing the prosperity of the local economy is enormous, especially if the priority is on the ‘community and people’ dimension of place.

Anchor institutions can transform the identity of a place. Even in large cities like London, where due to rapid development large anchors might operate over one another, the example of Westfield in Shepherd’s Bush is telling. After its opening in 2008, it has renewed the entire image of the surrounding area, whilst providing employment opportunities, and bringing indirect investment into the area. Westfield has anchored itself into the surrounding place, spatially as well as within the community, to the point where now it is difficult not to think of Shepherd’s Bush without also picturing Westfield.

⁷ HMG (2017) - Industrial Strategy: Building a Britain fit for the future

⁸ CLES – Creating a Good Local Economy: The Role of Anchor Institutions

2. Renewing the relationship between business and place

Local economies have transformed. Increased international competitiveness, the pace of change in technology and consumer markets, and our national productivity challenge all resonate locally. Their impact can be felt on production lines, in offices and on high streets. They demand a new approach to growth through Local Industrial Strategy (LIS) and a renewed relationship between business and place to build and maintain prosperous communities. Brexit brings this into even greater focus and reinforces the urgency for it to happen.

The Government's Industrial Strategy rightly identifies "place" as one of the foundations of productivity. But the relationship between business and place must be mutually beneficial. For a business to grow, it needs the support of its place – the skills, supply chains and the people; for a place to prosper it needs productive businesses investing locally. Prosperous places will attract and grow successful businesses which in turn should strengthen the community.

The success of Local Industrial Strategy (LIS) can be captured in a simple formula:

Local Economic Success = Business Productivity + Place Prosperity

Within the changing economic landscape, it will be businesses which have the strongest relationship with place that are the Local Economic Anchors (LEAs) and will be fundamental to LIS and economic success.

2.1 Local economic anchors: what are they and why are they so important?

LEAs are those businesses that shape an area's economy. Jobs, skills and business will all be influenced by their presence. While not necessarily the only significant employer, they will be synonymous with an area and have reach into the wider regional economy. In short, they are what makes a place tick.

Local Economic Anchors: some definitions⁹

- *Large employers in the tradeable sector and which are not mainly responsive to local need*
- *Anything that helps to bring money into an area*
- *Major territorial institution...essential immobile and unlikely to move*
- *Major single employers accounting for high levels of direct employment and GVA and likely to have significant supply chain linkages*
- *Impact on local supply chains and procurement activity*
- *Resilient in overcoming past economic shocks/cycles*
- *Rooted in place and distinctiveness to an area*

⁹ Interview responses

- *Contribute to the identity of a place/a source of local pride - wider impact than purely economic*

Albeit with a long history, the anchor institution concept emerged in the 2000s as a new paradigm for understanding the role that place-based institutions could play in building successful local economies and communities. The concept emerged from the US where it has become an integral part of urban regeneration policy. It is typically related to spatial immobility, large size and strategic contribution to the local economy as purchaser and employer¹⁰.

Private sector

For this report, private sector employers specifically are the focus. As the wealth generators, it is around these that local economies can grow and LIS' can be shaped. They remain the cornerstone of local prosperity.

Statistics indicate the impact of private sector anchor employers in an area. In Nottinghamshire, Boots UK remains the biggest business in the county, recording an annual turnover of more than £8bn. It continues to employ around 8,000 people in its Nottingham headquarters¹¹.

In Norfolk, the biggest company by turnover is Aviva, the UK's largest insurer. With a turnover of almost £4bn and around 5,000 employees, it is a major LEA in the East of England¹². In the North East, Sunderland-based Nissan's economic dominance continues with a turnover of over £6bn (increasing 22 percent on the previous year) and with 7,755 employees, it was also named as the region's top inbound business¹³.

Airports are major LEAs in their regions. Gatwick Airport's direct contribution to the GDP of the UK purportedly reached £599m by the end of 2016, a mixture of gross profits and employment costs paid through employing 2,780 workers. During the same year, employment on the site totalled approximately 23,800 people. Close to one quarter of indirect GDP contribution fell within the Gatwick Diamond area spanning between Brighton and London. Half of the airport's value-added figure of £520m was concentrated in manufacturing, administrative services, and the transportation sectors. Within the C2C LEP in 2016 a further £300m was generated, indicating that indirect GDP impact within the LEP area was some £820m¹⁴.

The graphs below illustrate the employment impact of specific LEAs with both Crawley and Hillingdon – host council areas for Gatwick and Heathrow respectively - outperforming their surrounding areas. Crawley (which can be seen as a sample area with less economic noise than the London Borough of Hillingdon) recovered exceptionally well from the post-recession employment dip felt across England, and is currently exceeding pre-2007 levels by some margin, demonstrating the pace and impact LEAs can have at times of turbulence.

10 HMG (2015) – Anchor Institutions and Small Firms in the UK

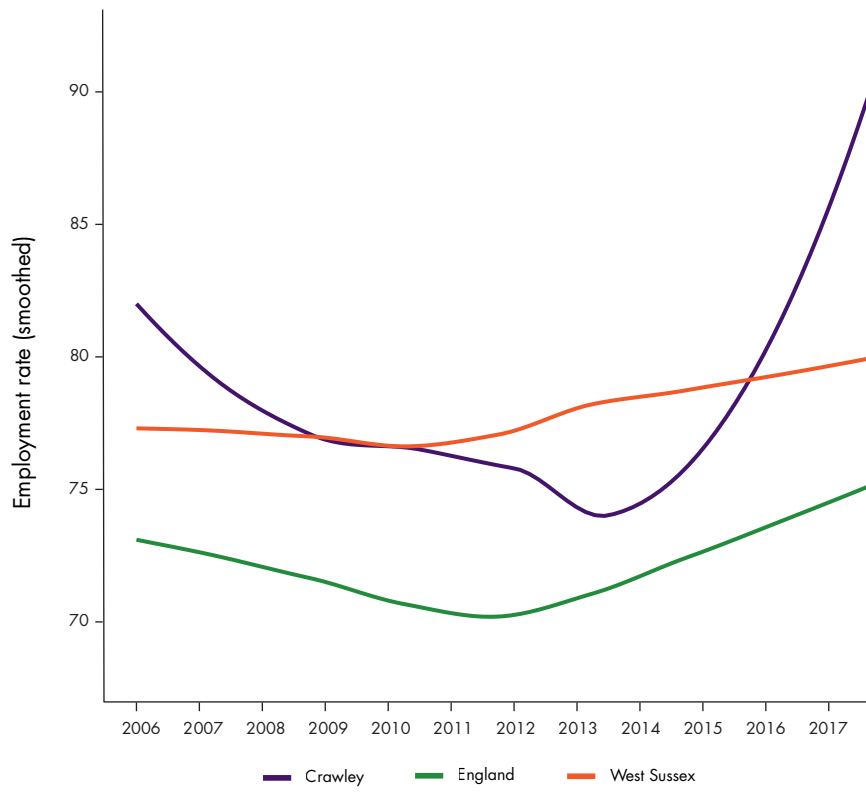
11 Nottingham Post (2018) – The Top 200 Companies in Nottinghamshire in 2018

12 Eastern Daily Press – Top 100 Companies in Norfolk and Suffolk

13 The Journal (2018) - Top 200 NE Companies

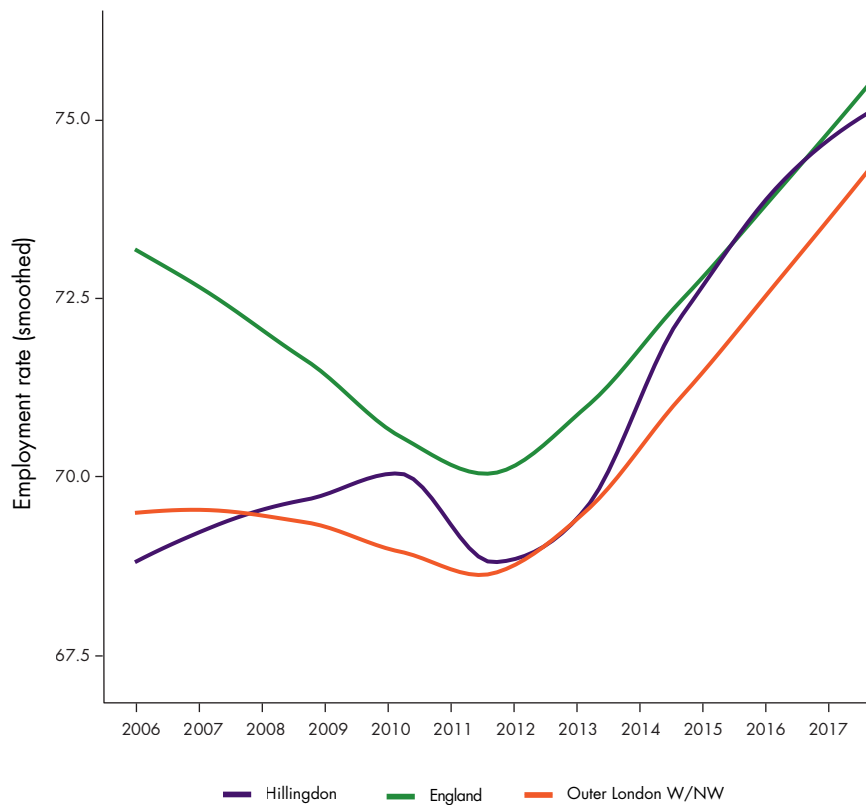
14 Oxford Economics (2017) – The Economic Impact of Gatwick Airport

Figure 1: Employment rates in Crawley



Source: Annual Population Survey

Figure 2: Employment rates in Hillingdon



Source: Annual Population Survey

Statistically, it is hard to provide one simple definition of a local economic anchor, outside of the effect of truly large employers such as Gatwick. With geographical data for wages, skills and other key indicators available only to district level, and census data largely historic, it presents problems in identifying the effect of significant – but smaller - anchors outside of their immediate geography, hence our focus. Indeed, it becomes clear that many parts of the country no longer have traditional private sector anchors.

Public sector

The growth of the public and HE sectors is also considerable – especially in areas where private sector employment is low. London Economics estimated that the University of Birmingham produces £3.5bn in GVA per year, equivalent to two percent of the entire region’s output¹⁵. Hospitals, councils and universities too are major employers in their own right.

Previous work around LEAs concentrates on the public sector and the potential to increase its impact in the local economy. This report draws on a wealth of case studies demonstrating how the public sector can lead by example but retains its focus on private businesses.

Commercial Centres

Groups of companies within a place may also perform a similar anchor role. The City of London is the largest and perhaps most famous example of this, built around the capital’s financial markets. Business parks and retail centres such as Westfield can provide a similar approach (albeit on a smaller scale to the City). Industry clusters such as in the North East, built around a LEA are separate from this definition.

Infrastructure

Finally, it has been argued that local infrastructure acts in a similar way. The High Speed 2 rail project linking London and Birmingham is an example of employment created, with 6,000 new jobs¹⁶ in place even before a rail line is laid. Undoubtedly the planning and construction of major transport and communications infrastructure is a pillar of both national and local industrial strategies but this infrastructure is considered a driver for productivity, rather than a LEA in its own right.

The typology of anchor - whether geographically fixed like Gatwick, internationally footloose like corporate headquarters or public sector - should underpin a place’s engagement over time, e.g. securing and retaining, driving wider value or ensuring resilience in supporting productivity and place prosperity.

2.2 Why places need to renew their relationship

LIS now requires a new way of working between place and business. LEAs are already critical to local growth due to their scale and impact, but a new relationship is required to address the productivity challenge, the changes in local economies and in local business communities.

Local Industrial Strategy

LIS will be long-term, based on clear evidence and aligned to the national Industrial Strategy. They should outline clearly defined priorities for how cities, towns and rural areas will maximise their contribution to UK productivity. This 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 boundaries¹⁷.

15 University of Birmingham (2017) – Our Economic Impact

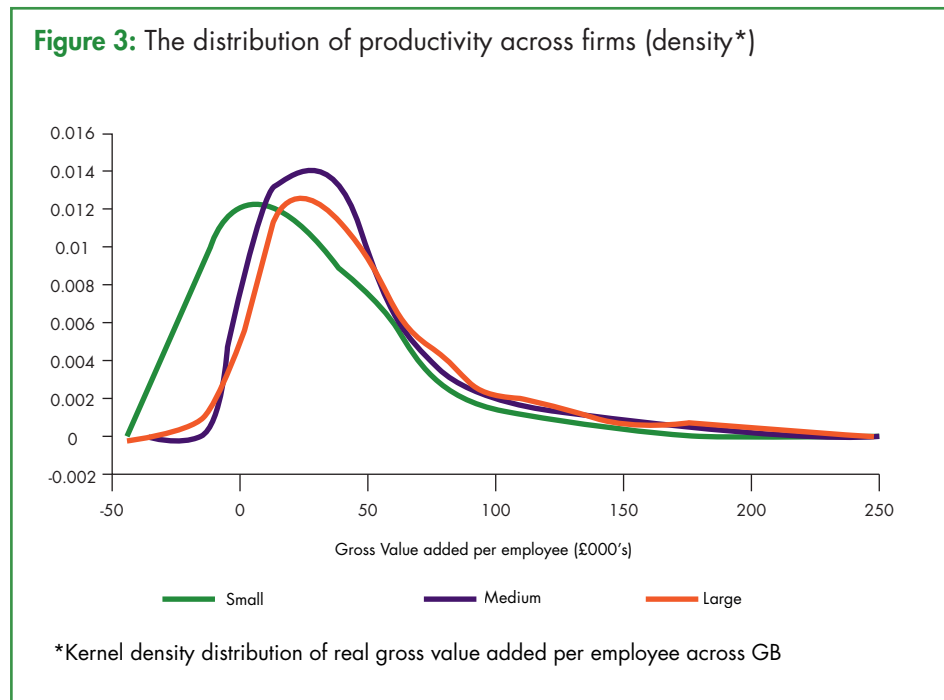
16 HMG (2018): HS2 already delivering benefits to UK

17 HMG (2018): Local Industrial Strategies – Policy Prospectus

Anchors and Local Industrial Strategies

The LIS is a catalyst for change and provides the framework for the new business/place relationship. Targeted on increasing local productivity, it will provide a shared vision for growth within the defined area of operation and for building prosperous communities.

Led by mayors or LEPs, LIS “should set out clearly defined priorities for how cities, towns and rural areas will maximise their contribution to UK productivity (see below)”¹⁸ so that all places are able to increase productivity and set out spatial impacts of national and local policy. They should be the “local manifestation of national Industrial Strategy.”¹⁹



The strategies must map out specific opportunities linked to local strengths, increased productivity and the Grand Challenges, supported by collaboration, prioritisation and evaluation. They must demonstrate a full understanding of local business, clusters, sectors and the potential to support both productivity and prosperous communities.

Built on a granular understanding of the local economy, the key sectors within it and the opportunities presented, LEAs will be expected to figure prominently – as distinctive features of a place and as drivers of growth. With the support of all local councils and agencies, they will facilitate the conversation between business and place.

Greater internationalisation

A major change in many local economies is internationalisation. Recent years have witnessed the growth in international ownership and global export markets. The relationship with LEAs has also changed, most clearly relating to ownership models, internationalisation of trade, the need to share growth and a greater understanding of local economic impact.

ONS statistics indicate that in 2016, there were just under 2.5 million registered non-financial businesses in the UK, of which 24,345 (one percent) were owned by businesses outside of the UK (foreign-owned), rising from 24,134 in 2015. Despite this small proportion, these businesses contributed £324.3bn (27.2

¹⁸ Ibid

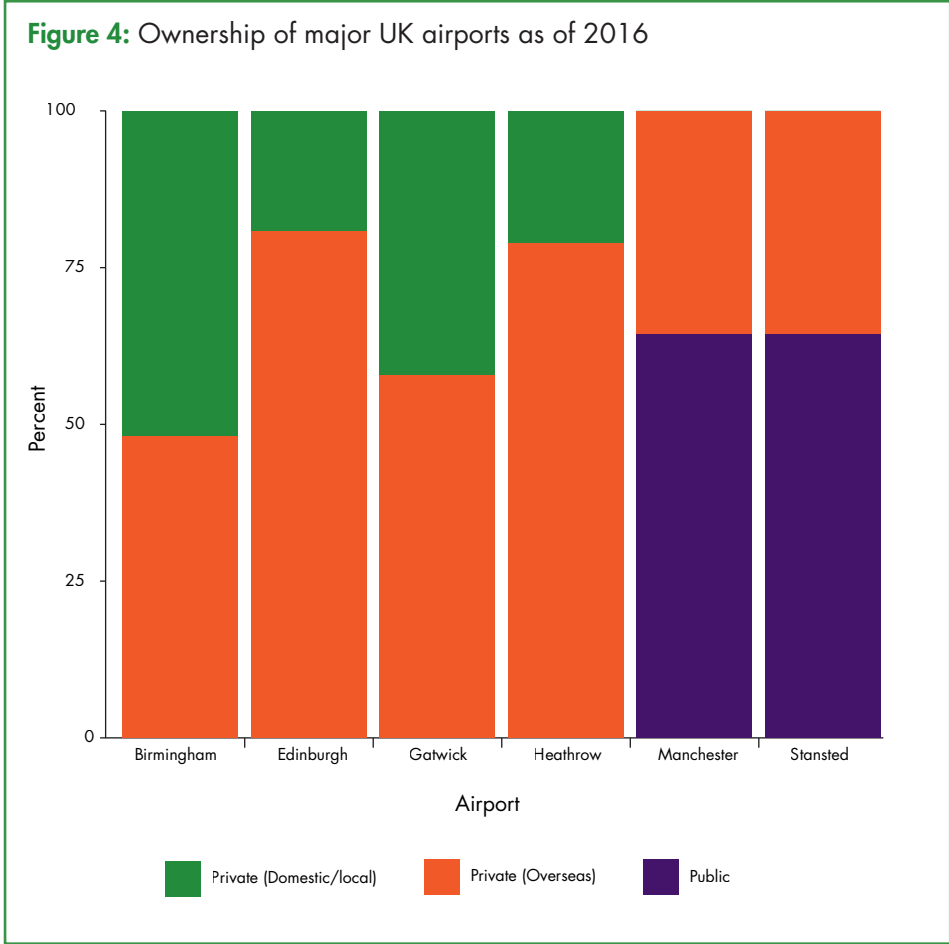
¹⁹ Interview response

percent) in approximate gross value added to the UK's non-financial business economy – indicating their potential and growing impact in local economies. Within this sector, 3,822 businesses that are foreign-owned operated in professional, scientific and technical activities, accounting for 15.7 percent of all UK-based foreign-owned businesses in 2016²⁰.

As one interviewee stated, there is now “an even bigger challenge to connect local companies to their backyards”²¹ many operating through subsidiary offices that are “more globally-connected, less locally-connected”. Another highlighted the issue of ownership: “The situation doesn’t incentivise, private equity doesn’t drive it”²².

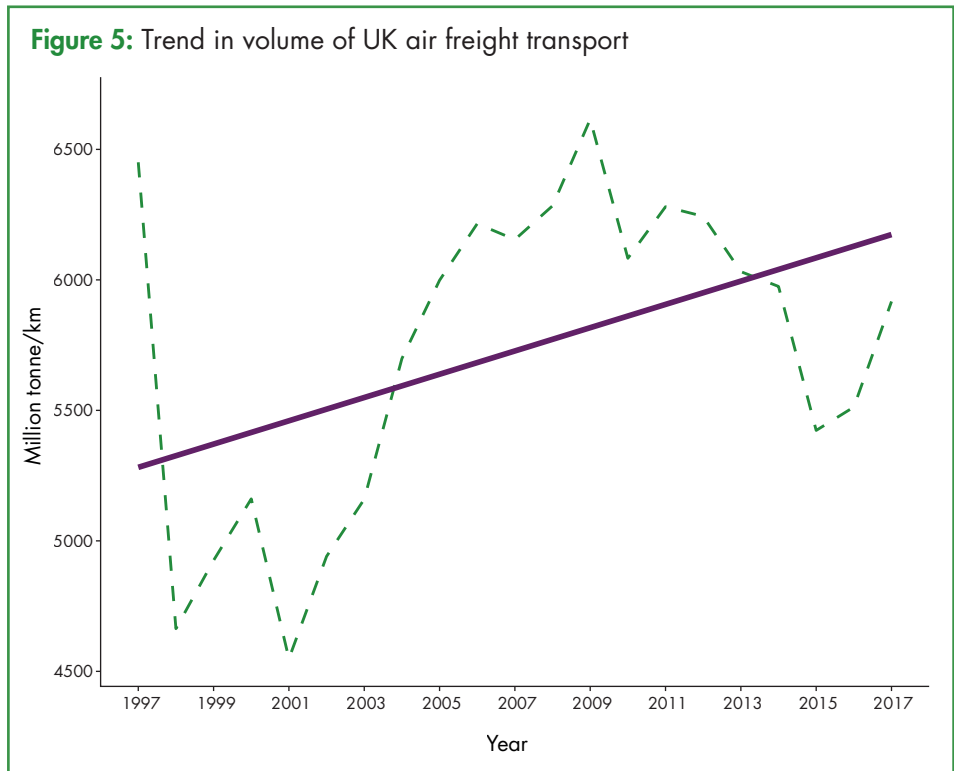
In the airport sector 50 percent of airport traffic is through privately owned airports, and many airport groups, which are partially or wholly publicly owned in their native countries, act as private foreign owners of airports in other states²³. This level of international ownership and internationalisation of local economies is reflected in the ownership of UK airports and growth in air freight as seen below.

Internationalisation has changed corporate ownership dramatically, but the opportunity exists to forge new and stronger relationships.



Source: Steer/Davies Gleave/European Commission
 *domestic/local: either a UK company or a global company with a major UK headquarters/base of operations.

20 ONS (2018) - Annual Business Survey: UK non-financial business economy foreign-owned businesses, 2016
 21 Interview response
 22 Interview response
 23 European Commission (2016) - Study on airport ownership and management and the ground handling market in selected non-EU countries



Source: World Bank

A greater local financial stake

Businesses once again have a more direct relationship with their places through council retention of business rates. Property taxes have long been levied, dating back beyond the 16th Century and linked to the Poor Laws, establishing relief for the poor of the parish paid by its inhabitants. It is a longstanding tradition in England that such property taxes are used to fund local services. Since the introduction of non-domestic rates from 1990, however, they had been collected and placed into a central pot for redistribution. But reforms in 2012 have repaired this local link with increasing levels of business rates and business rate growth being retained within the area.

Since 2013/14, councils have retained 50 percent of their business rate revenue as part of the overall funding settlement for local government. Other grants have been reduced. Within this system, councils also retain 50 percent of growth in receipts arising from new and expanding businesses.

In October 2015, the then chancellor announced that local government would retain 100 percent of business rate revenue by “the end of the parliament” and in 2016 areas with agreed devolution deals were invited to pilot 100 percent Business Rate Retention with additional responsibilities. A second wave was announced in 2018/19 including pools of councils retaining all of their business rate growth. More councils now benefit from a further pilot beginning in 2019/20, to retain 75 percent of their business rates.

The move to 100 percent local business rate retention gives business a much more visible stake in their place and offers the opportunity for places to forge a new relationship, with Brexit bringing the need for local growth into much sharper focus and urgency.

Economic Anchors and their Business Rates: The top 50 business rates bills – 2015/16²⁴

The following is a list of business rates payable based on figures from the government’s Valuation Office Agency:

24 The Guardian (2015) – Top 50 Business Rate Bills

Heathrow airport, Hounslow: £118,320,000
Sellafield Limited, Cumbria: £32,335,870
Sizewell B power station, Suffolk: £28,283,410
Gatwick Airport, West Sussex: £27,849,570
Heysham 2 power station, Lancashire: £24,640,140
No 1 Maintenance Area, Heathrow: £20,301,740
Vodafone fibre optic network and Berkshire premises: £19,720,000
Hartlepool power station: £16,564,800
Corus UK Ltd, Lincolnshire: £15,460,480
Manchester Airport: £15,302,720
Stansted Airport, Essex: £15,046,360
BA World Cargo Centre buildings, Heathrow: £13,641,310

Note that 5 of the top 12 are airport related. Also, many LEAs will appear on the Central Rating List as major transport, utility and telecommunications undertakings.

Shared benefit and the development of “doughnut economies”

It is clear that not everyone has shared in the growth of national and local economies, something which has a direct impact on local prosperity. In many cases, local people feel increasingly remote from the benefits of growth. Previous polling²⁵ for Localis finds a large majority of people feel little to no benefit when the national economy grows. The same is true when their employer does well financially. Further, they feel undervalued. Half feel their colleagues and fellow citizens are paid less than their work is worth. Over two-thirds do not believe they are fairly-rewarded for hard work by their employer. The need to share the benefits of growth becomes a vital factor in place prosperity.

Reflecting this, our research shows evidence of doughnut economies emerging. While LEAs often have a positive impact in bringing in employment that is knowledge-intensive and valuable, this is not always reflected in training or wage levels for local people.

A doughnut economy is one where resident wages are much lower than those in the local workplace. This implies higher-paying jobs with LEAs are taken by people travelling into the site rather than being local to it. A doughnut ring of low wages surrounds the employer with the benefit to local residents reduced.

On the one hand, the amount of low-skill labour needed in an area swells with the presence of a LEA (e.g. at an airport, the increase in baggage handling and entry-level retail jobs). But this in turn creates the option for local people not to train to higher levels. Understandably, well-paying but lower level jobs are taken by local people but this can create an aspiration ceiling with arguably little incentive to upskill and progress. On the other hand, a LEA brings in a lot of higher-level service jobs (e.g. airline pilot, air traffic controller) which adds more to the economy in GVA terms and provides a higher quality of employment. The difference between resident and workplace wages at Gatwick and Heathrow illustrates this gap clearly below. Any new relationship must be one in which the wider population can be seen to enjoy the benefits of their LEA.

²⁵ Localis (2018): The Delivery of Industrial Strategy

Figure 6: Resident and workplace median wage in West Sussex

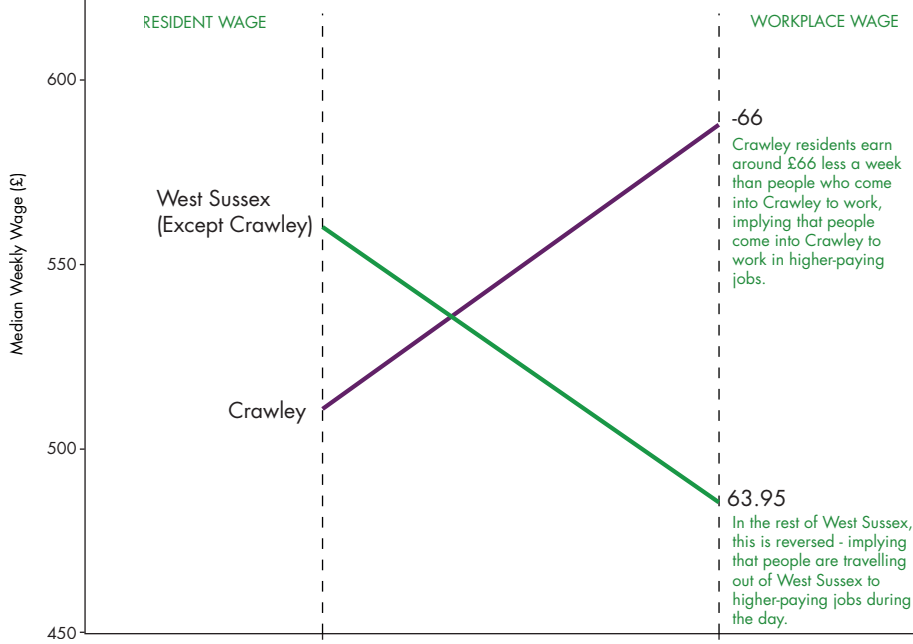
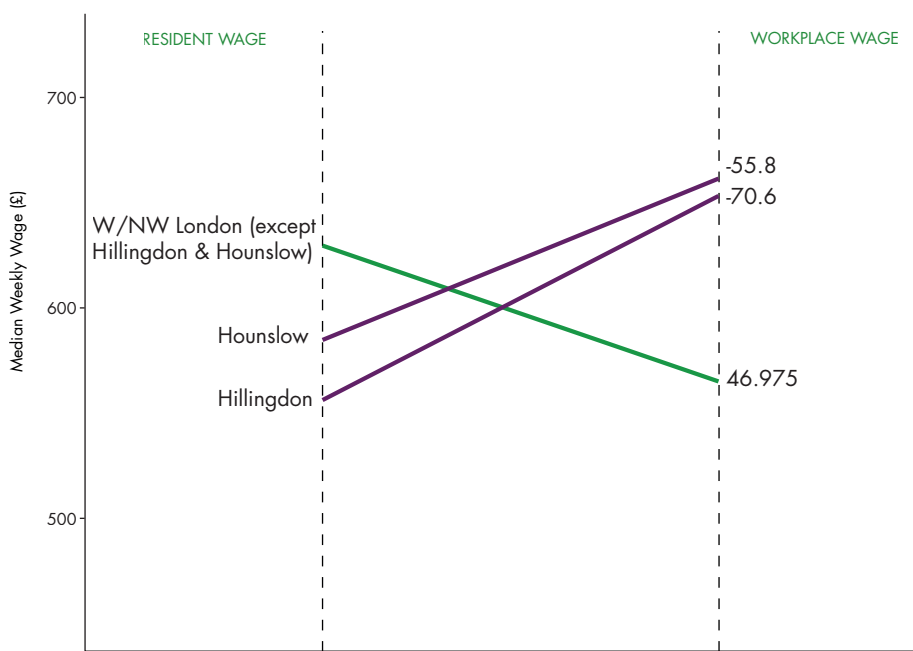


Figure 7: Resident and workplace median wage in North West London



Local action

Many excellent initiatives are already underway locally which may help address this issue. In Crawley, this includes through the Crawley Growth Deal between Crawley Borough Council and West Sussex County Council with priority schemes encompassing the Crawley Employment & Skills Plan and Gatwick Skills Laboratory, through the Employ Crawley initiative to match skills and jobs, the Manor Royal BID, with the Gatwick Diamond Partnership, Chambers of Commerce and local universities and through C2C LEP's pioneering "Gatwick 360" strategic economic plan.

2.3 And what happens when an anchor leaves...

The deeper impact a LEA has on a place can perhaps be seen most clearly when it leaves or downsizes. The presence of a good LEA reinforces local trust benefiting both employer and community and has a wider social impact, building community and social capital. However, when an anchor withdraws, the reverse can be seen. The loss of both direct and indirect supply chain employment is most immediate, but the effect can weaken the very fabric of society.

The closures of heavy industry in the 1980s in the UK is perhaps the most obvious example, but the story of Janesville in the US illustrates this deeper impact most starkly – while employment has now been replaced and remains high after General Motors' retreat, local wages have fallen and family breakdown has increased.

JANESVILLE: AN AMERICAN STORY²⁶



“Janesville is haunting in part because it’s a success story. In the face of vast forces—globalization, automation, political dysfunction, the Great Recession—the people of Janesville do nearly everything right...At the same time, the narrative of ‘Janesville’ unfolds within a larger, more fatalistic context.”

Janesville follows the impact of General Motors withdrawal from the city in southern Wisconsin in 2008 after almost 90 years. Author Amy Goldstein follows several residents between 2008 to 2013 when unemployment in Janesville is back below four percent.

However, the unemployment number belies some harsh realities on the ground: real wages have fallen; marriages collapsed; and Janesville, a town with an unusual level of civic commitment, unity and native spirit – with families there for generations – experiencing the same levels of rancour that afflicts the rest of the nation.

Major points from the study include:



The town now faces a divide labelled by Goldstein as an “optimism gap”, between redundant workers and owners



No evidence appears to support that any job retraining is effective or useful. For those laid off, the consequences are worse for those who went to retrain in college.



A worrying number of former GM workers show high levels of digital illiteracy. According to Goldstein, many dropped out at the moment they found out coursework would not be accepted written in longhand.



It encapsulates the struggles of having to re-structure and re-direct oneself midlife, which requires a unique level of courage.

The structure and togetherness of families start to be seriously challenged, as a class of fathers start travelling outwards to other cities and states to work in other GM factories to sustain their \$28 an hour wage.



While the impacts of globalisation and outsourcing are not discussed, Janesville is a timely reminder of the huge social impact that major employers can have within their place considerably beyond the immediate jobs and strengthening the very fabric of local society.

²⁶ Amy Goldstein (2017) – Janesville: An American Story

Increasingly international markets and competition, together with the number of jobs at high risk of automation – particularly in airports and large shopping centres – make the threat of relocation, reorganisation or downsizing a constant possibility.

The response of East Kent to such a threat and the place-based approach implemented following the announcement of pharmaceutical giant Pfizer leaving the area with the loss of 2,400 jobs continues to be influential. The highly successful place-based working between local and central government and its agencies, MPs and the private sector has resulted in the Discovery Park site in East Kent now employing more people than at the time of Pfizer's potential departure – with Pfizer remaining a tenant and a major anchor on the site. With a clear place-based strategy and a Ministerial Task Force led by the leader of Kent County Council with the local MP and leader of Dover District Council an ambitious recovery and growth package was developed and successfully delivered.

2.4 What a new relationship could look like: the “Productivity deal”

Flowing from the Government's Industrial Strategy, we argue that a new relationship between business and place should be defined. Local productivity deals to support prosperous communities and business growth should establish a new way of working. They would form a new social contract with business through the LIS.

Most importantly, the deal would facilitate regular strategic dialogue with major businesses to understand their needs and those of the community and seek joint solutions, thereby moving away from a transactional, meeting-by-meeting approach with a series of public sector organisations and departments. The strategic relationship and trust developed would be fundamental to doing things differently. While meetings with individual local partners would still take place, they would be seen in the context of the LIS giving purpose, focus and impact to any bilateral agreements.

Corporate support could be much better targeted and have greater impact as a result. It also offers the opportunity to be much more explicit to the local community on where investment is taking place and the wider effect which is sought.

The productivity deal may go beyond shared objectives and outcomes, reflecting the socio-economic prosperity of a place and be based on a clear understanding of the prevailing local economic environment. This would go beyond GVA or profitability and may require the development of a wider index of local indicators.

While all place partners would need to be involved in these discussions under the LIS, reflecting the breadth and spatial nature of the strategy, it is envisaged the conversations would be led by the elected mayor or strategic authority, but encompassing all partners and respecting individual responsibilities.

What is a strategic authority?

From Localis' *The Making of an Industrial Strategy* (2017)

A strategic authority would most commonly be a formal collaboration of local authorities across a geographic area. This would be different to a (non-mayoral) combined authority because of a) the requirement for an additional level of democratic mandate and b) the new suite of powers it would wield.

To become a strategic authority an area must first have in place;

- *A formal collaborative arrangement of local councils across a geography*
- *Democratic legitimacy in the form of either*
 - *a directly-elected mayor,*

- a strategic authority wide elected assembly led by a chair voted for by the assembly or
- in areas where the formal collaborative agreement consists of a county and its districts or a sole unitary county, the county could become the strategic authority (with agreement from partner councils where appropriate).

The Making of an Industrial Strategy notes that under this definition, two thirds of places (66 percent) in England are not currently covered by a functioning strategic authority.

2.5 Recommendations

- A renewed relationship is needed between LEAs (an area’s major employers or wealth creators) and “place” to deliver local economic success. This must recognise a new way of working through the LIS to address challenges specific to LEAs including the potential for “doughnut” economies to develop.
- To deliver this renewed relationship, a “productivity deal” should be forged with LEAs to deliver LIS and prosperous communities. Effectively forming a new social contract with business, this relationship will balance increased productivity with place prosperity. It would be implicit not regulatory and at its simplest a commitment to shared objectives.
- Strategic authorities should lead productivity deal conversations with LEAs, spearheading the wider place offer to business while respecting the statutory responsibilities of its public sector partners, including where LEPs have responsibility for LIS. Strategic authorities and local public sector partners are LEAs in their own right and should lead by example.

3. Building place prosperity: what business can do for place

“If we prosper the region prospers; if the region prospers, so do we.”²⁷

The most immediate local impact of a successful business is its role in providing local employment and local business growth. But the relationship a Local Economic Anchor (LEA) has with a place can (and should) be much deeper. Local Industrial Strategy (LIS) should cement this relationship and build wider place prosperity.

Much current economic impact research concentrates on good jobs and supply chains, particularly within the public sector. However, a productivity deal with place should look beyond this. Businesses become more competitive when they have competitive companies around them, while employees need skills, a home and a good environment for their families to grow up in.

The best relationship with a LEA should build social and place prosperity. Support of business productivity should enable a mutually beneficial relationship with a place. For long-term commitment, this symbiotic relationship is critical.

The drivers of place prosperity

In a similar way to the Industrial Strategy’s *5 foundations of productivity*, the drivers of place prosperity can be defined simply as:

- local businesses
- local people
- local places

The argument for LEAs support for each driver of place prosperity is considered below with case study evidence for how a place and its communities may prosper.

3.1 Local businesses

The case for place: supporting local businesses

Towards a Productivity Deal: Framing the Strategic Discussion	
How local economic anchors can support place prosperity	
Driver of Place Prosperity	Business supporting place: Initial themes for discussion
Local business	Building local supply chains
	Growing sectors
	Leading by example: “good jobs”

²⁷ Interview response

LEAs can drive local business activity and growth. Sectors and clusters will grow around the best LEAs with the opportunity to build supply chains and competitiveness. It is vital that places can benefit from local business prosperity and that the business environment becomes more entrepreneurial and growth-friendly as a result. LEAs can promote a standard for “good jobs” – locally driving up the quality of jobs and rewards from increased productivity.

Building local supply chains: Case study evidence in the public sector shows that a relatively small shift to local purchasing can boost a local economy. However, any such shift must reflect value for money, supply chain resilience or similar benefit.

Major LEAs will compete in international markets and be able to draw on international supply chains. The danger is that local purchasing – other than basic services – can be marginalised. However, research shows that taking a place-based approach results in models of successful local purchasing. Models include the packaging of contracts appropriate to a local market, the development of portals to ensure awareness of and accessibility to contracts and pre-procurement, working with sectors and suppliers to build capacity and confidence.

The Centre for Local Economic Strategy (CLES)²⁸ examined commissioning and procurement in greater detail, identifying that local authorities and anchor institutions can enable and maximise socio-economic and environmental benefit at each stage of the process.

CLES demonstrated that in Preston, increasing the spend of anchor institutions from five to 10 percent would mean an additional £37m being spent in the town’s economy²⁹. Similarly, through a framework to boost local business, the Joseph Rowntree Foundation estimates a 10 percent shift to suppliers in the Leeds City Region could be worth an additional £168-£196m each year to the region’s economy³⁰. The potential is significant.

Many private sector anchors already identify the development of local supply chains as part of their commitment to a local area. Supported by a clear procurement policy, examples of existing supply chain development include Gatwick Airport’s programme of engagement incorporating “Meet the Buyers” events, sponsorship of business breakfasts and working with the LEP. In 2017, the airport spent £132.8m directly with local and regional suppliers, a large proportion procured through long term contracts to develop strong local partnerships³¹.

Growing sectors: Business productivity is driven by competition. LEAs commanding presence in the local economy will attract business sectors and clusters of companies to locate close by. Working directly with places, in support of events, promotion and procurement, the distinctiveness of an area and the opportunities within it can be grown.

In the North East (NE), Nissan as a primary LEA has helped develop the car industry and clusters of businesses, redefining the NE as a car producing area. The NE is now home to approximately 240 automotive companies including Nissan which has built eight million cars since 1986, invested £3.5bn and accounts for one third of all UK car production. Other original equipment manufacturers in the area now include Komatsu and Caterpillar, with more than 28 Tier 1 Suppliers, a wealth of specialist SMEs and numerous Research and development (R&D) centres³².

28 CLES (2015) – Community wealth building through anchor institutions

29 Ibid

30 JRF (2017) – Maximising the local impact of anchor institutions

31 Gatwick Airport – Supply Chain

32 North East Automotive Alliance

Case Study: Nissan



NISSAN

Locating in Sunderland over 30 years ago to establish a European manufacturing base with a deep-sea port, Nissan's operation – along with the North East's (NE's) reputation as a car producing area – has grown considerably.

The development of local supply chains around this manufacturing growth remains a priority.

In developing a local economic base in the NE, the company works with the North East Automotive Alliance (launched in 2015 and now with over 300 cluster participants, the NEAA is the largest automotive cluster in the UK) to bring together key local companies, stakeholders and different tiers of supply including large employers.

The relationship with Nissan has built pride within the region and the nature of the business partnership has become more focussed as this has developed, with a shift to innovation as well as employment.

While decisions will always be commercially based, Nissan retains a deep-seated commitment to the NE and enjoys positive, supportive relationships with local councils and local public sector as well as nationally, with the NE now recognised internationally as competitive place to build cars.

Leading by example, "good jobs": LEAs should lead by example in employment practices, setting a local standard for good jobs and work.

The Industrial Strategy underlines the importance, recognising the changing workplace and signalling for the UK to identify the best way to ensure everyone benefits from the technological revolution. The Taylor Report³³ outlined "an ambition for all work in the UK economy to be fair and decent, and for employers to offer opportunities that give individuals realistic scope to develop and progress".

Previous reports by Localis have indicated the interventions that LEAs can make and have recognised the opportunity that LIS present to encourage businesses to take more risks on initiatives that will generate work in industries sustainable in the face of changes to the economy. There is strong evidence to suggest that when there is trust between a place's people, institutions and businesses, local economies benefit. Deepening this trust should be a key aim of LIS'.

Regulation can be helpful but there is much places can do with procurement functions and soft power, including working with LEAs to introduce advisory, non-statutory standards on 'good work'. Drawing from previous Localis work³⁴, these may include:

- **Wages:** Local charters could encourage local business to commit to paying the Living Wage.
- **Benchmark for investment in in-work training:** Charters could set benchmark target levels of investment in in-work training.
- **Hours and leave:** Discretionary leave to those not legally-entitled to paid-annual leave.
- **Workers on boards:** After government plans failed to materialise, places could take the lead and recommend that employers introduce workers on boards to represent employees.

33 Matthew Taylor (2017) – The Taylor Review of Modern Working Practices

34 Localis (2018) – The Delivery of an Industrial Strategy

Good Jobs – what the research tells us

Despite the ever-growing concerns associated with automation and economic uncertainty, more people are employed now than ever before. While ostensibly a good thing, it should be recognised that roughly five million people are employed within the gig economy³⁵ and the Resolution Foundation reports real earnings are less now than they have been in the last 100 years³⁶. This indicates that job growth has been primarily driven by less secure and non-traditional employment with the ‘uberisation’ of the economy and continued rise of zero-hour contracts³⁷. This has also led to sections of society being excluded from the wider national prosperity, and facing perpetually uncertain work conditions.

There is a need for ‘good’ job standards and quality. Yet, there does not appear to be a strict and agreed working definition. The Chartered Institute of Personnel and Development has drawn a distinction between objective and subjective dimensions of job quality - the former restricts its “analysis to the constituent elements of a job, such as pay”, whereas the latter “hinges on the assumption that each worker has preferences over different job features”³⁸. Importantly, they emphasise that these two are not dichotomous such that a job can be both good and/or bad on both objective and subjective measures. Adding to this is the growing need among employees for a sense of purpose guiding whether they feel a job is fulfilling or not.

This trend was noted by ADP Research when looking at the evolution of the workplace. They found that this need to feel a sense of meaning in work is becoming a factor in job quality, and most Europeans surveyed believed that a shift in attitude was already taking place³⁹.

The Joseph Rowntree Foundation’s (JRF) work on Job Creation for Inclusive Growth in Cities identifies how industrial strategies can play a key role on the local level for wide ranging community growth by creating more and better jobs⁴⁰. Their research shows the need to consider demand side policies in city labour markets, alongside supply side policies. They argue that demand side policies seek to “raise the level of demand for labour for specific groups within the city, and/or improve the quality of employment”⁴¹. Demand side policies also work towards avoiding low skill gaps, building versatility and adaptability in people, while allowing room for innovation and creativity. JRF identify the centrality of partnerships to facilitate this - a theme emerging from case studies, where they found that collaborative governance and leadership, necessitated private, public and civic actors working together.

JRF’s research highlights an opportunity for LEAs to take a leading role in working within their local communities to improve the ‘more and better jobs gap’ that they have identified, a situation affecting approximately 5.3 million people in this country⁴².

35 BBC (2017) - What is the Gig Economy?

36 Resolution Foundation (2018) – Count the Pennies

37 The Guardian (2018) - Number of zero-hour contracts in UK rose by 100,000 in 2017 - ONS

38 CIPD (2017) – Understanding and Measuring Job Quality

39 ADP Research Institute (2016) - The Evolution of Work: The Changing Nature of the Global Workforce

40 Joseph Rowntree Foundation (2017) – Job Creation for Inclusive Growth in Cities

41 Ibid

42 Ibid

Whether through procurement practices, or working with strategic authorities, anchors need to grasp the potential of their power to create those good jobs and ensure the local community are included and skilled enough to work them.

3.2 Local people

The case for place: supporting local people

Towards a Productivity Deal: Framing the Strategic Discussion How local economic anchors can support place prosperity	
Driver of Place Prosperity	Business supporting place: Initial themes for discussion
Local people	Shaping skills provision
	Building “skills supply chains”
	Enabling housing

Local businesses need high skill levels. Higher skills are essential for productivity and the potential impact of automation demands wider workforce re-skilling.

With near-full employment in some places and the potential impact of Brexit on European labour, the demand for labour of any kind becomes equally critical. In high-cost areas of the country, this may mean support through greater corporate involvement in the supply and availability of local housing. It also means a renewed focus on older and harder to reach populations.

LEAs must also consider the impact of doughnut economies emerging around them as outlined previously. While positive in itself, the availability of lower-skill, well-paid positions can suppress local skills and wage levels, with local people not filling the most senior positions.

Shaping skills provision: The opportunity for corporate involvement in the delivery of local skills and education through the academy programme, university research frameworks, the apprenticeship levy and T levels is now considerable.

The development of LEP skills strategies has provided the opportunity for business to shape wider local skills provision and investment. The employer-led Essex Employment and Skills Board (ESB) is an excellent example of this, empowering major businesses to take decisions directly on skills investment.

Essex Employment and Skills Board (ESB)

The ESB brings together large employers, academic institutions, SMEs and local government to better align skills provision with current and future employer demand. Focused on a sector-led approach and informed by an extensive evidence base, the ESB identifies priority areas where policy initiatives are required to meet skills shortages.

A further approach is taken in West London, with Fujitsu and Heathrow applying to establish an Institute of Technology, while Lord Blunkett has been appointed to chair the Heathrow Skills Task Force to capitalize on the training and education potential of expansion. Meanwhile the Stansted Airport College, supported by the South East LEP, Essex County Council, Harlow College and Uttlesford District Council, tackles local skills needs by offering new routes into engineering to support the airport and airline industry.

First purpose-built on-site college at a major UK airport

In December 2018, Stansted Airport College officially opened its doors to almost 300 students for its first term. A brand-new £11m technical skills facility, it is the first purpose-built on-site college at a major UK airport and the only Further Education centre in Uttlesford.

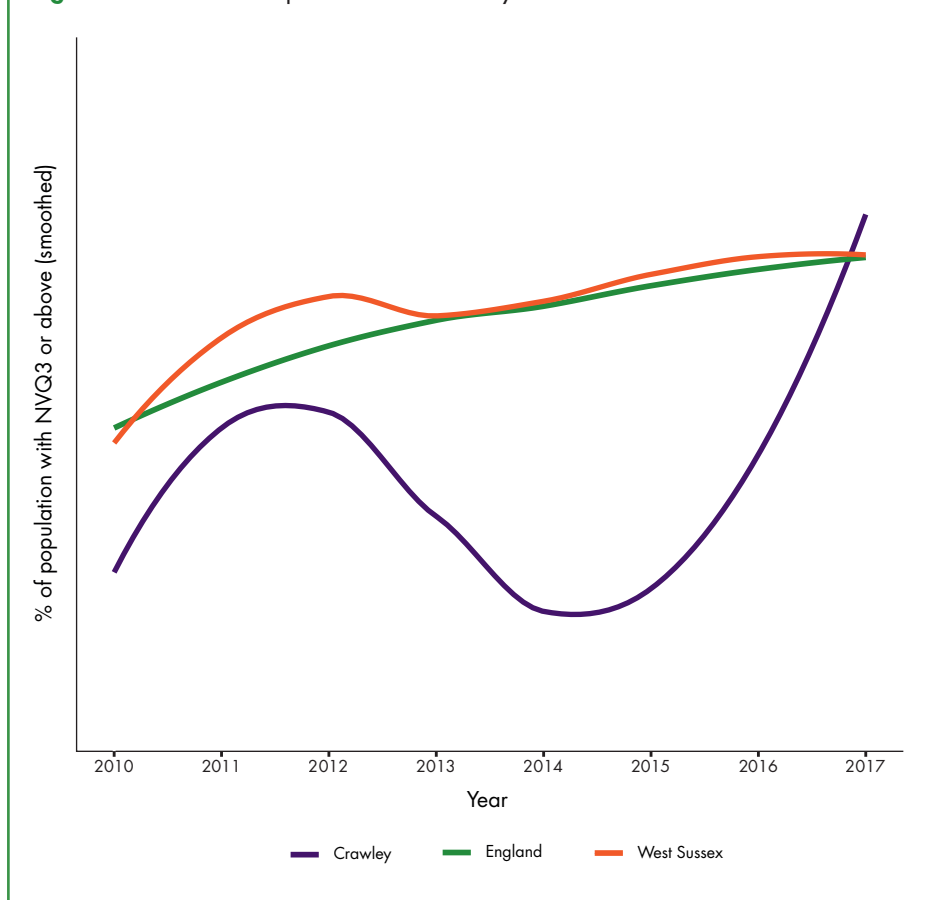
Creating clear and direct paths for local young people into vitally important engineering roles, this employer-led project directly tackles challenges identified in the LEP's Skills Strategy to:

- provide training opportunities to meet skills gaps in STEM, aircraft maintenance engineering; operational and plant engineering; logistics; supply chain management; asset management; higher-level customer care service industries and the visitor economy,
- focus particularly on pre-apprenticeship study programmes, apprenticeships and higher-level qualifications, bridging technical skills gaps from level three to five,
- focus on areas that match broader and growing skills needs of the Airport, including the M11 Corridor and Harlow Enterprise Zone.

Harlow College, with Anglia Ruskin University, surveyed airport-based employers to establish demand and support. The college is developing a curriculum model with businesses such as Ryanair, Stansted Engineering, and Harrods Aviation that support pathways into engineering.

In attracting employees, it is also increasingly common for major employers to communicate about their business and the opportunities available to a wider section of the community, linking with others at place level including strategic authorities. This is vital in raising ambitions, aspirations and in addressing the doughnut economy. The higher skilled jobs LEAs can provide offer an excellent basis to encourage local people to take advantage of the major employer in their midst. The potential around Gatwick as a major LEA, with an increasing skill level, is illustrated overleaf.

Figure 8: A-Level or equivalent in Crawley



Source: Annual Population Survey.

Building “skills supply chains”: Businesses should build skills supply chains in the same way that they nurture supply chains, taking an active local role in producing the skills they need for now and in the future. A business skills supply chain would be a commitment to grow local talent and awareness of local opportunities. This should include early engagement with young people to raise ambition, develop bespoke qualifications and training opportunities and increasingly at higher level (e.g. degree apprenticeships) to address changing workforce needs through automation. Local place partners would act as the interface to the education system.

LEAs can play a vital role in raising the prosperity of the most vulnerable of its community through local co-ordination to target employment schemes for those on job seeking related benefits. This would give a guided path out of unemployment, with a structured route to upward social mobility.

A skills supply chain may achieve the following.

Primary stage: raise ambition and aspirations

- Raising awareness of opportunities and aspirations of young people and their parents.

Commenting on the current situation, an interviewee believed “all find it hard to inspire children and don’t see it as their job”⁴³.

Secondary/FE stage: shape learning, employability and skills

- Support the development of general employability/workplace skills.

⁴³ Interview response

- Involvement with schools through Academies programme, Enterprise Advisers and local initiatives.
- Support national programmes including Institutes of Technology and T levels driving up technical skills.
- Support the education/skills curriculum with case studies/visits and the shaping of local qualifications.

Vocational: provide specific workplace skills

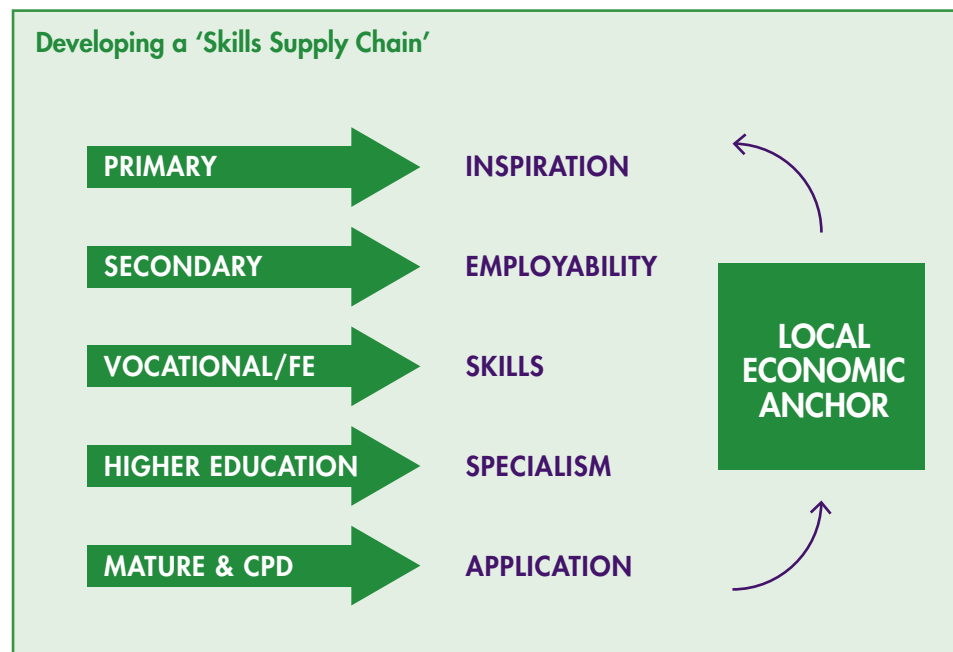
- Support and development of local skills training including placements for T Levels.
- Clear approach to use of Apprenticeship Levy locally.
- Support of new local and government initiatives e.g. Institutes of Technology.

Higher Education: provide high-level and specialist technical skills

- Clear relationship built with local universities, offering opportunities for students for scholarships, placements or experience.
- Support of entrepreneurialism and supply chain opportunities.
- Close links to research and shaping of technical expertise, including the support of dedicated departments or institutions.

Mature and Continuing Professional Development (CPD): ensure updated internal skills and external skill supply

- Ongoing support of skills development within the organisation through CPD.
- Clear policy on mature employees and encouragement of applicants to build wider supply both for direct employment and within the supply chain.
- Support of enterprise including those wishing to develop spin-out companies within the supply chain.



Dyson’s relationship with Wiltshire Council is a great example of how a LEA can shape HE provision locally to deliver the high-level technical skills to support its business operations.

Dyson Institute of Engineering and Technology

Wiltshire Council's support of the Dyson Institute of Engineering and Technology (IET) demonstrates how a strategic council can support specialist HE skills provision.

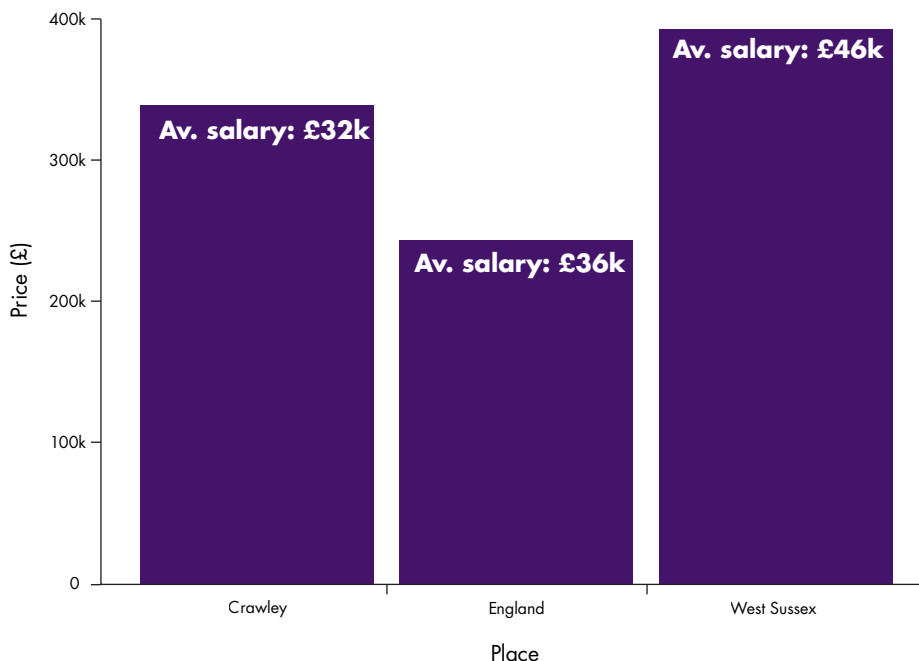
Established by Sir James Dyson, the IET is a private institution of tertiary education in Wiltshire. Dyson had previously been outspoken about a skill shortage in engineering in the UK and in March 2016 was invited by a former minister of state for universities to take advantage of the Higher Education and Research Bill to start a new and different university.

Enabling housing: Housing remains a major priority in many local areas. Cadbury, Lever and others set standards with the building of Bourneville and Port Sunlight. It is now again an issue of major relevance to employers.

The issues of house prices around Gatwick Airport are starkly indicated in the chart below. With house prices outstripping wages and young people further than ever from owning their own home, housing has become the Government's major domestic priority. For anchor employers, particularly in the South East, this already presents real problems of recruitment and retention which Brexit may further affect in terms of labour supply.

Graduate retention is a further issue with calls for innovative solutions such as bespoke accommodation to "keep some of the most innovative and creative people in the region"⁴⁴, recognising the difficulty for local councils to "free up the schemes needed for housing" and helping graduates to remain and enter local supply chains.

Figure 9: Average house prices 17-18



Source: Zoopla.

Increasingly, councils are planning at a wider spatial level through housing and infrastructure deals such as in Oxfordshire, building on local plans. This is

44 Interview response

linked to economic growth in the Oxford-Cambridge corridor in which private investment features highly. However, for LEAs, with their impact upon the wider regional economy, planning at a spatial level is vital for housing, transport and commercial space availability.

Where major commercial growth is planned, housing availability must be addressed, especially where employment and supply chains are affected. The “Working Together” agreement⁴⁵ between Crawley and Gatwick in the airport’s campaign for a second runway included a pledge to support the expected demand for 9,300 new homes with funds to deliver local infrastructure improvements. Increasingly, LEAs will need to address issues of employee and community housing provision, therefore this should be central to LIS.

Recognising the severity of the housing shortage and the potential impact on productivity, there is the need to go further. Major employers may wish to address this in several ways: as investors, as employers and as property holders.

As investors: As part of a balanced portfolio, investment in bricks and mortar has always been seen as a good investment. Major fund managers such as Cheyne Capital have developed bespoke social impact funds to invest in new and affordable housing. LEAs may wish to consider a similar approach, investing directly through joint ventures with developers, councils or housing associations or indirectly through targeted investment funds.

Luton/Cheyne Capital: Affordable Homes

80 new homes in three apartment blocks containing 32 one-bedroom and 48 two-bedroom flats were completed on a brownfield site in Luton through an innovative partnership between Luton Council and Cheyne Capital. The manager of the Cheyne Social Property Impact Fund commented: “This development represents a significant milestone in the delivery of affordable housing without the use of government grants or subsidies... which demonstrates how private capital providers can partner with social sector organisations to help provide long-term solutions that address the continuing crisis in the UK social property market.”⁴⁶

As employers: As leading employers, employee benefits are likely to be competitive and tailored to attract and retain the best staff. Housing, particularly for younger or lower-paid employees will be a major priority. Benefits may include the facility to save/earmark earnings with corporate support or the offer of acting as mortgage guarantor as part of a broader employee benefits package. This would also include rent deposit schemes.

Deloitte: Graduate Accommodation

More than 40 of Deloitte’s 2015 graduate intake were given the opportunity to move into East Village as part of a new initiative with Get Living London. The offer gives Deloitte graduates the opportunity to choose between newly furnished two or three bedroom apartments with exemption from credit checks and the benefit of Get Living London’s no fees approach. Deloitte’s graduates in the scheme receive two weeks’ rent free, the ability to reserve a property up to six weeks in advance and free fibre optic broadband. The move comes after a survey found that securing quality and affordable accommodation in central London is a major concern. 72 percent of last year’s graduate intake lived in rented property with the remainder living in family homes and commuting into central London. In the survey, 86 percent of graduates joining Deloitte said

45 See chapter 6

46 Property and Business Investment Show – New Affordable Homes Completed in Luton

they would like help from the firm to find suitable shared accommodation.⁴⁷ More than around 150 new recruits have been set up in the East Village.

KPMG offer preferential mortgage rates and mortgage guarantees⁴⁸ as do many local authorities, for example Warrington as detailed in the Housing & Finance Institute’s Housing Business Ready workbook⁴⁹. Several councils used to offer direct deposit loans (to care leavers or first-time buyers, for example) that were often unsecured. An initiative by the London Mayor led to dozens of employers agreeing to a pledge to provide some form of housing help.

As property holders: Companies with a regular need for accommodation, may own corporate flats or housing instead of placing out-of-area employees and clients in hotels. Employees may be offered short-term accommodation or they could invest in affordable housing for key workers. This would be especially appropriate if linked to enterprise or innovation zones with a high need to accommodate academics or researchers, or where the company owns land and can enter into a partnership with a developer as above.

Penguin Random House: Places for placements

Last year Penguin Random House announced a link-up with the Book Trade Charity, which operates properties that mainly cater for older people who used to work in the industry. Penguin offers 450 work experience placements every year to help those young people coming from outside the capital who might otherwise have difficulty finding somewhere to stay. In return for a donation to the charity, the company takes on one of the recently refurbished bungalows at the site and then take turns renting it for two-week periods. They pay what is described as “a very, very subsidised rent”, and trains from nearby Kings Langley to London Euston take 25 minutes.

LEAs may wish to consider housing through their Corporate Social Responsibility (CSR) programmes. Anglian Water identified housing as a major local issue and uses CSR to address this in support of a major new garden town development.

CSR employee support also recognises local housing issues e.g. Habitat for Humanity with staff involved in local soup kitchens and shelters. Working with the community to tackle local problems could be a huge opportunity for anchors to embed themselves in the fabric of their local community.

3.3 Local places

The case for place: supporting local places

Towards a Productivity Deal: Framing the Strategic Discussion How local economic anchors can support place prosperity	
Drivers of Place Prosperity	Business supporting place: Initial themes for discussion
Local places	Providing a growth dividend
	Investing in Business Improvement Districts
	Supporting the environment and community

For place prosperity, employers must be “of a place, not just located in one”⁵⁰.

47 Deloitte (2015) – Deloitte offers graduates a helping hand on housing

48 The Guardian (2017) – Employers add a ‘cheap place to live’ to list of staff perks

49 The HFI – Housing Business Ready Workbook

50 Interview response

Their impact in terms of employment, transport, environment and the health of the local community will be felt – positively or negatively – depending on how closely they engage. The prosperity of local communities depends on it.

At its best, a LEA breeds “place patriotism”, pride in the company that defines the area and its people and recognition of its impact, in many cases over many years. This relationship supports companies not only in times of expansion and growth, but also in retraction. For example, the historic and very positive feelings felt towards Rolls Royce in Derby arguably helped to lessen the blow when downsizing was announced last year or at least fostered greater understanding.

Providing a growth dividend: The study of airports⁵¹ offers a direct opportunity, with council-owned airports such as those in the Manchester Airports Group (MAG) paying a dividend from their shareholding which will reflect the company’s performance. Reflecting the importance of LEAs to their place, the “place shareholder” model offers an opportunity for the relationship to be formalised as part of the business operation. An alternative would be to link community investment to corporate performance.

MAG as the holding company in charge of Stansted, Manchester, and East Midlands Airports, as with Luton Airport which is owned by Luton Borough Council, is an excellent example of institutions with a vested interest in each other’s success – corporate productivity and prosperous communities. As MAG’s three airports continue to increase their revenue, the councils in Manchester receive a bigger dividend per annum.

Local investment funds established with business and linked to profits can work in a similar way. Joint ventures on development sites are a further example, with place partners providing land and private sector partners providing matching investment for development, both gaining from the long-term relationship.

Investing in Business Improvement Districts: With a direct stake in council activities through business rate retention and, in some cases, a link to profitability as above, the relationship with business changes and major employer involvement will increasingly grow. At present businesses will be consulted within a council budget setting process, many councils will have business groups and give specific advice, while the Industrial Strategy Green Paper promoted the concept of “modern aldermen” to bring additional business expertise into town halls.

An additional opportunity exists through Business Improvement Districts (BIDs), enabling local businesses and councils to provide additional services or improvements to a specific area. BIDs must be agreed by a vote of the businesses and are funded in whole or part by an additional levy upon them – the non-domestic ratepayers.

Benefits of BIDs include the ability to decide what businesses want in an area, a voice in issues affecting the areas, ring-fenced funding and potentially increased staff retention and cost reductions through closer joint working. A BID must be approved by both a numerical majority and a majority by rateable value, of the businesses covered by it.

The highly successful Manor Royal Business District adjacent to Gatwick Airport has been home to the UK’s largest “industrial” BID since 2013. In February 2018, business voted to renew the BID for a further five years. The BID allows a fund to be created and additional investment attracted to “improve the trading and working environment of Manor Royal”⁵².

51 See appendix

52 Manor Royal Bid – Business Plan Proposal

Manor Royal BID

The Manor Royal BID business plan prospectus outlines the objectives of the BID:

Create opportunities to increase trade and reduce cost

By taking advantage of the number and variety of Manor Royal based firms, to improve their ability to collaborate to reduce costs, share services, trade with one another and to reach new markets.

Improving the infrastructure

By putting in place services and facilities expected in a modern business environment and demanded by Manor Royal businesses and staff where they can operate effectively and efficiently.

Raise the profile and reputation of Manor Royal

By creating a widely held positive perception associated with Manor Royal to attract interest and investment and to promote the core assets, sectors and businesses of Manor Royal.

Three "Property Owner" BIDs also exist, though located in the West End of London. The concept received some significant support – in terms of the ability to raise funds and directly involve the property owners who can sometimes be distant and whose involvement can be critical in terms of new infrastructure, for instance the siting of Broadband cabinets. While government responded in 2014 to a consultation on the issue noting difficulties in compiling the list of property owners, attempts have been made subsequently to bring forward legislation to support them.

Supporting the environment and community: Perceptions around CSR tend to identify environment and community support as traditional beneficiaries. However, both have a direct business impact while supporting place prosperity.

"Green credentials" continue to play a major part in building corporate reputation. Traditional mining, energy and manufacturing businesses will be challenged on their use of natural resources, while new anchors such as airports will be challenged on pollution and noise. Investment in managing or mitigating such impacts is directly related to reputation and, increasingly, business performance with increased consumer power.

Interviews indicated a greater awareness and potential to support the "circular economy"⁵³ defined by the Industrial Strategy as raising productivity by "using resources more efficiently...to increasing resilience by contributing to a healthier environment".

Many local businesses will support local events or be employee-led as exemplified by John Lewis in the support that is provided to local clubs, societies and communities. A business with environmental impact will need to be acutely mindful of the need to mitigate its effects and presence.

The granular detail expected of a LIS, will enable a more focussed approach to place investment. This is supplemented by wider data on public health and social mobility. Subsequently, support for the environment and community can be much more targeted towards need, economic or more broadly at social prosperity, and impacts clearly seen.

A snapshot of statistics from the West Sussex Joint Strategy Needs Assessment illustrate numerous health and social mobility issues that could be addressed - contributing to the social welfare and prosperity. Further detail can be found in

⁵³ Interview response

Appendix 2 and includes:

- **Local disparities:** Worthing, Arun and Adur have neighbourhoods in the 30 percent most deprived in England. Wages on a weekly basis vary over a £150 scale from Mid Sussex (£652) to Adur (£478)
- **Housing:** rent across the county is increasing with the average 1 bedroom flat costing £700 a month, while 7,900 people are on waiting lists for council-provided accommodation, with only 750 affordable houses being delivered
- **Social mobility:** Crawley ranks one of the worst local authority areas in England (in the bottom 10 percent), and the worst for young people in West Sussex. Along with Arun and Chichester, it was identified in Social Mobility Data as a “coldspot”, meaning that there are hardly any prospects of upward social mobility
- 11 percent of children live in low-income families, with Crawley having the highest level of **child poverty** in West Sussex standing at 14.8 percent.
- One sixth of residents in West Sussex have a **mental health** issue such as anxiety and depression

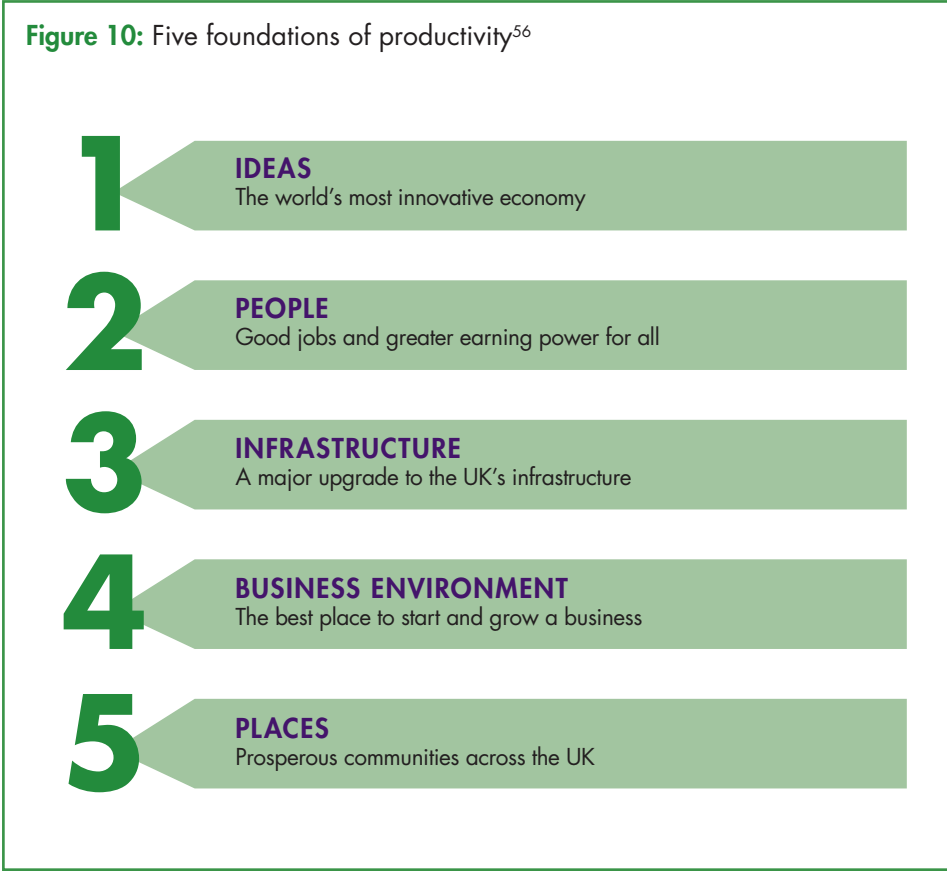
3.4 Recommendations

- LEAs should develop “skills supply chains” to provide appropriate skills to support economic growth and ensure support at primary stage to application in the workplace, with greater investment in local institutions and the local education.
- The new relationship with LEAs should build place prosperity and prosperous communities reflecting wider social and housing needs. Through LIS, a more granular approach is required to community investment addressing major but, sometimes “hidden”, issues affecting business productivity including social mobility, housing and public health. In building social prosperity, it must go further than GVA and jobs.
- The increased stake of businesses in place prosperity through increased business rate retention should be recognised, re-setting their relationship with councils. Where there is appetite to supplement business support, BIDs should be encouraged. Government should also enable Property Owner BIDs, promoting landlord communication and investment as part of new menu of business and place engagement including the potential for a “growth dividend”.

4. Supporting business productivity: what place can do for business

The top priority for private business has always to be “to make money”⁵⁴ – without profitability a business’s lifespan will be severely curtailed! However, a strengthened relationship with place can support an employer’s corporate productivity – and hence profitability. The priority of a Local Industrial Strategy (LIS) must be to boost local business productivity while building place and social prosperity. But the relationship is mutually beneficial.

Using case study and interview evidence, key support measures that a place may provide to forge a renewed partnership with its local economic anchors (LEAs) and boost corporate productivity is identified through the “5 Foundations of Productivity”⁵⁵. The relevance of place-based action to support the productivity of LEAs is examined below, drawing together emerging themes into policy recommendations.



54 Interview response

55 Ibid

56 Ibid

4.1 Ideas and innovation



Industrial strategy: “We need to do more to ensure our excellence in discovery translates into its application in industrial and commercial practices, and so into increased productivity... And we must do more to grow innovation strengths in every part of the UK, as well as maintaining our position as a global leader in science and innovation.”⁵⁷

Supporting ideas and innovation in local economic anchors

Towards a Productivity Deal: Framing the Strategic Discussion How places can support business productivity	
Driver of Productivity	Place supporting business: Initial themes for discussion
Ideas and innovation	Co-ordinating the local public sector innovation offer
	Enabling space for innovation
	Accessing data and markets
	Accessing finance
Place partners: Local universities, FE, LEPs, SMEs, councils and micro businesses.	

By facilitating new relationships with LEAs, focusing on productivity, links can be forged that support the development of innovation in local supply chains.

In every place there is a local support “offer” to anchor employers, but this can be fragmented through individual or uncoordinated approaches. SME access to LEA supply chains may also be limited, while support for innovation and entrepreneurship may vary: graduate entrepreneurs, in particular, should be encouraged. Figures show that almost one third of UK universities produced no graduate start-ups at all in 2016/17⁵⁸ indicating a potential gap in support in both the institution and the local economies.

There is a clear opportunity for “place” to support LEAs through greater awareness and co-ordination of the local innovation offer, especially through local universities, facilitating greater linkages between anchor and supply chain as demonstrated by Unilever’s open innovation model.

Case study: Unilever⁵⁹

Unilever has become a “regional innovation anchor”, through its open innovation model.’ Major elements of Unilever’s model include:

Connecting the local to the global

Acting as a supporter, as well as a consumer of regional innovation. This conduit can act both into the region for operating companies to access research and infrastructure and out of the region for universities, partners and suppliers.

Linking the local with the global

Growing public-private partnerships as a way forward in building

⁵⁷ HMG (2017) - Industrial Strategy: Building a Britain fit for the future, p58

⁵⁸ Localis (2018): Place, Learning & Entrepreneurialism

⁵⁹ Institute for Entrepreneurship and Enterprise Development - Access is the New Ownership: A case study of Unilever’s approach to innovation

scientific infrastructure for the region, which would be too expensive to create for any single organisation.

'Access is the new ownership model'

Allowing the development of strong, fruitful relationships with partners and access to the agile innovation advantages of small companies.

Skills

Establishing a new culture for Unilever staff and an advanced open innovation course. These, in addition to various research partnerships, have been set up to support the development of work-based skills for staff and current undergraduates at various North-West universities.

Co-ordinating the local public sector innovation offer: LEAs should be provided with clear sight of the innovation opportunity within their areas. Local places must champion and communicate the offer from local innovators, educators and the public sector in supply chain clusters or in SMEs. Support for innovation will include links to local HE institutions and students, local financial support for SME innovation and access to Government grants and exemptions. The local innovation offer should be co-ordinated under the umbrella of industrial strategy.

New funding and initiatives are becoming available through increased R&D spend, financial incentives and support for Grand Challenges through the Industrial Strategy Challenge Fund. Local places need to be aware of opportunities to access national support, promote funding initiatives which support the development of innovation, including the development of "innovation clusters" bringing together public, private and voluntary organisations.

The 'Grand Challenges' of Industrial Strategy

- **AI and Data Economy**
- **Ageing society**
- **Clean growth**
- **Future of mobility**

Enabling space for innovation: The growth of flexible workspace for start-ups and innovators in the local economic anchor supply chain responding to the changing needs of the business community must also be considered, appropriate to place. In particular, the availability of innovation space should be assessed. In parts of the South East, lack of availability can hamper commercial development while innovation centres can become long term company homes at preferential rates rather than launch pads. Management of innovation space – particularly for university spin-outs – should be seen as a critical part of the place offer in support of economic anchors.

Accessing data and markets: Key to innovation is the move from research to product development. Public sector commissioning, data and markets can provide critical support for innovation. As major providers of local care, councils will have strong commissioning functions based on robust sector data. Applying this understanding and purchasing power to support innovation can enhance competition and productivity within these markets, enabling access for local suppliers and tailoring business support. Through a more granular understanding of sectoral growth and supply chains, local places are well positioned to understand local markets. In product development and testing, this may have significant value and should be part of the local innovation offer, subject to rules around data security and privacy.

ScaleUp Public Procurement Index

Published in October 2018, the ScaleUp Institute's Public Procurement Index demonstrates through public sector analysis the potential of an "anchor customer" generating further opportunities for growth while improving its own supply chain with scale up companies amongst those most likely to innovate and grow.

Findings included:

- 397 scaleups won 1,415 contracts from the wider public sector, worth £1.5bn
- Scaleups won 2.1 percent of the total value of government contracts across all public sector bodies
- Local government buyers are currently the most important

Similarly, for private sector anchors, scaleups provide the potential to support local innovation, growth and competitiveness.

Accessing finance: Finance is the lifeblood of innovation and essential for a LEAs supply chains. Including central government support, tax incentives, local funds, angel investment and traditional retail banking, there is considerable funding available. It is anticipated the British Business Bank may offer further opportunity through the Shared Prosperity Fund. For a place, it is how this finance offer is communicated and accessed by innovative companies that is vital. Moves to develop local Growth Hubs have begun to deliver a one-stop-shop approach but the role of brokerage and "matchmaking" between business and financier may require a more local and personalised approach to support fast-track innovation.

Local seed funding schemes to support innovation and growth

Using £55m of Regional Growth Funding, Kent County Council has established three schemes – Expansion East Kent, Thames Gateway Innovation, Growth and Enterprise; and, Escalate – to provide funding to local companies in the form of grants, equity purchase and zero-interest loans. The schemes support projects with potential for growth. Recent research commissioned by the council found the schemes have supported 242 local businesses. The research estimates the schemes have directly supported a net increase in Kent GVA of around £30m through jobs created and protected £51m through jobs safeguarded.

4.2 People and skills



Industrial Strategy: "We still face challenges in meeting our business needs for talent, skills and labour. In the past, we have given insufficient attention to technical education. We do not have enough people skilled in science, technology, engineering and maths. We need to narrow disparities between communities in skills and education and remove barriers faced by workers from under-represented groups in realising their potential."

Towards a Productivity Deal: Framing the Strategic Discussion How places can support business productivity	
Driver of Productivity	Place supporting business: Initial themes for discussion
Skills	Raising aspirations, promoting local opportunities
	Addressing automation
	Taking greater control through skills devolution
Place partners: HE/FE, schools/Academies/MATs, private providers, Careers & Enterprise Co, councils and businesses	

The provision of the right technical and employability skills should be at the heart of the local relationship with anchor employers. In areas of full employment, the skills gap is compounded further by a people gap.

In a crowded local skills landscape, the brokerage of relationships with local education and training institutions providing easy and targeted access for LEAs provides clear space for places to deliver the skills businesses need. Greater skills devolution to enable this becomes increasingly essential.

Raising aspirations, promoting local opportunities: Local places have a major role in helping business decipher the education and training landscape and in raising local aspirations and the awareness of local opportunities. A more granular assessment of the local economy through the industrial strategy is vital, considering market gaps and working with business to shape skills provision through a detailed sector-based approach.

Local places should provide the interface between business, local education and training. While evidence of several excellent relationships was given, it was clear that in others there was a mismatch in the offer and the business need. Equally, local people did not always understand the opportunities from the presence of a large local employer.

With the supply of labour perceived to be increasingly problematic due to demographics and Brexit, opportunities for re-training and support of older employees back into the labour market and harder to reach groups should also be a significant focus. Graduate retention is also a major issue in many places. The University of Chichester's Engineering and Digital Technology Park, supported through the Local Growth Fund, is an innovative example of responding to local business needs.

University of Chichester Engineering and Digital Technology Park

As the only university in West Sussex, the University of Chichester sees itself as a LEA in its own right and "incredibly closely linked to local employers"⁶⁰ catalysing the local economy through activity on a number of fronts.

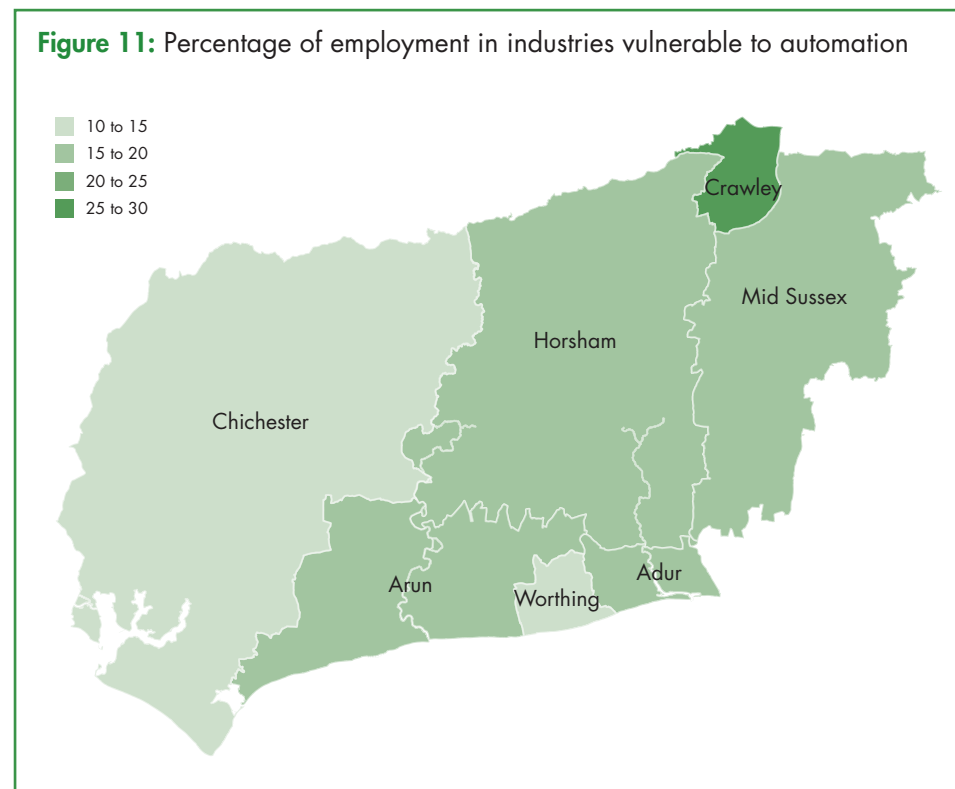
The university recognises "the economic, social and cultural importance of 'place'" and defines its contribution to the development of a strong economic ecosystem in West Sussex as a strategic priority. It has now established a cutting-edge Tech Park bringing together science, technology, engineering, arts, and mathematics courses on one site. It aims to produce graduates who have enterprise skills, creativity and technical knowledge, delivering 500 new places per year by 2020 and developing the people businesses need.⁶¹

⁶⁰ Interview response

⁶¹ University of Chichester – Engineering and Digital Technology Park

Local places should broker the education/employer relationship. Opportunities for local employers to engage at all levels of learning from school to HE should be better co-ordinated, working with new bodies such as the Careers & Enterprise Company to strengthen education to business links. The development of business-led boards, such as the Essex Employment & Skills Board, established as a national exemplar to inform skills provision, support this.

Addressing automation: The impact of automation is perhaps the clearest example of the need for a robust local skills offer with one interviewee invoking the need for “population-level intervention”⁶² to deliver the higher-level skills required for many LEAs. The sectoral vulnerabilities around Gatwick as a major LEA is illustrated in the mapping of West Sussex below.



Source: Localis calculations from Business Register and Employment Survey. See Localis (2018) *The Automation Impact*

Taking greater control through skills devolution: Businesses cited skills devolution when asked what more Government could do to support local growth⁶³. The confusion and misinformation around the current system is perhaps clearly shown in the £1.28bn of apprenticeship levy – additional tax paid by businesses – sitting unspent in the Treasury⁶⁴.

Through their LEPs, local places already have some power over capital spending allocations and, through remaining EU ESIF funding, access to revenue spending for some specific priority groups. However, the potential to link local business need to local skills provision remains highly limited.

Where funding is available, local businesses should be able to shape its investment. The recent flexibility for the Apprenticeship Levy to be used in supply chains is welcome, but greater control of source funding to promote, scale supply and deliver skills provision matched to local need should be provided. The potential to develop local qualifications with business should be explored.

⁶² Interview response

⁶³ Interview response

⁶⁴ Open University (2018) – The Apprenticeship Levy: One Year On

Empowerment of strategic authorities to oversee the levy collected within their area would enable oversight of digital accounts, monitoring take-up in key sectors, direction of unutilised levy to fund local apprenticeships and the tailoring of activities linked to LIS. Meanwhile, places must use the powers they have to make the system work for them as best as possible.

4.3 Business environment

“ Industrial Strategy: “Our Industrial Strategy aims to make Britain the best place to start and grow a business, and a global draw for innovators. We will drive productivity in businesses of all sizes by increasing collaboration, building skills and ensuring everyone has the opportunity of good work and high-paying jobs.”

Supporting the local business environment for local economic anchors

Towards a Productivity Deal: Framing the Strategic Discussion How places can support business productivity	
Driver of Productivity	Place supporting business: Initial themes for discussion
Business environment	Supporting supply chain development
	Attracting and retaining businesses
	Supporting a “growth escalator”
Major partners: Local partners will include LEPs, Chambers, Federation of Small Business, IoD, CBI, Scale Up Institute, HE, councils and the developing Growth Hubs.	

A LEA can define the local business environment. Equally, a thriving local business environment supports the LEAs productivity by providing local goods, services and attracting the right people and skills to an area.

However, too many Strategic Economic Plans produced by LEPs were not distinctive enough. Areas need to know their strengths and weaknesses to focus support. With SMEs vital to many supply chains, there remains a “long tail” of less productive businesses⁶⁵.

Local places enable economic growth, they do not deliver it directly. Local places have a critical role to play in the marketing and perceptions of a place, in forging the right relationships with anchor employers, ensuring access to effective business support and encouraging a climate for companies to start-up and grow.

Supporting supply chain development: Anchor businesses interviewed reported up to 40 percent⁶⁶ of their business supply chains being based locally. The development of local supply chains to support LEAs may reduce transport costs and increase certainty of supply, while greater competition in local sectors was welcomed in driving efficiency and productivity.

Case study research on public sector anchors indicates small increases having a major impact on the local economy. To support major employers, local places must understand their supply chains and be able to act on any gaps identified.

Coast to Capital (C2C) LEP is working with the Scale-up Institute to strengthen the macro-economic balance of the county and address the gap between small and large local businesses. Offering greater opportunity for local purchasing from Gatwick Airport, it aims to increase the number of medium-sized firms able to enter the supply chain, recognising “scale-ups” amongst those with greatest

65 See figure 3

66 Interview response

potential for cluster development and to be the economic anchors of the future⁶⁷.

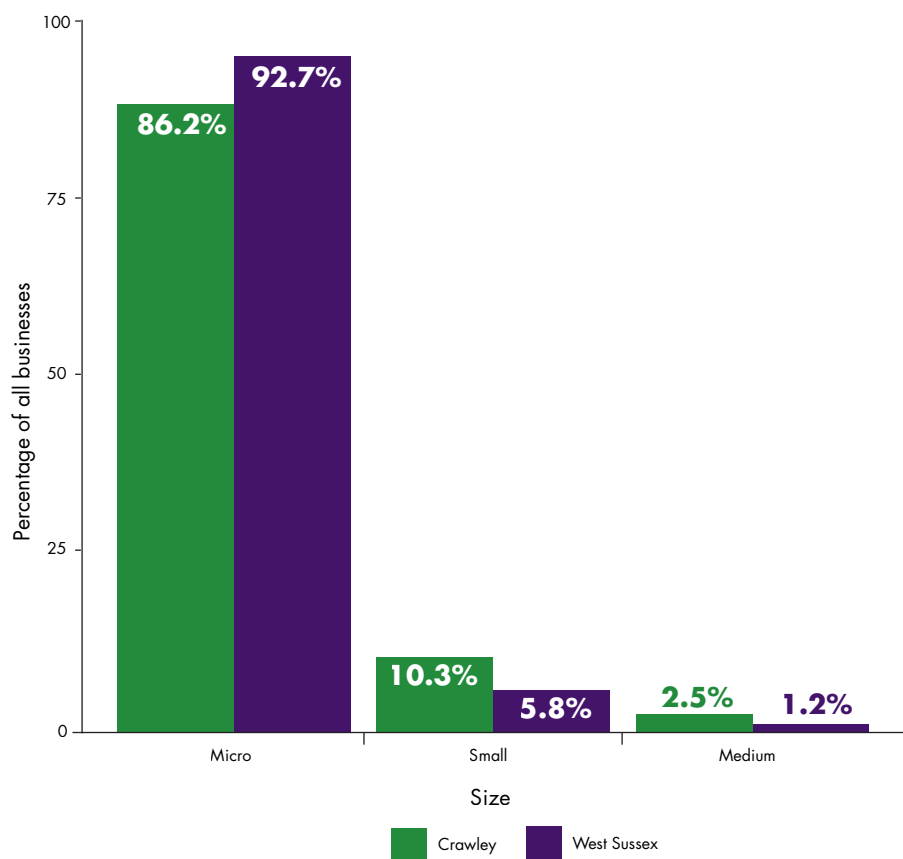
Coast to Capital LEP: Escalator Programme

Scale-up businesses disproportionately contribute to the growth of the economy through innovation, productivity, investment and job creation. It provides bespoke support for businesses with a high potential for growth and includes a focused session each month on a specific barrier to growth. Senior business leaders will engage and support ambitious owners in the Coast to Capital area.

The programme will be developed and managed by Coast to Capital but delivered by a specialist external party, decided through competitive tender and forms a key part of the implementation of the Coast to Capital Strategic Economic Plan "Gatwick 360".

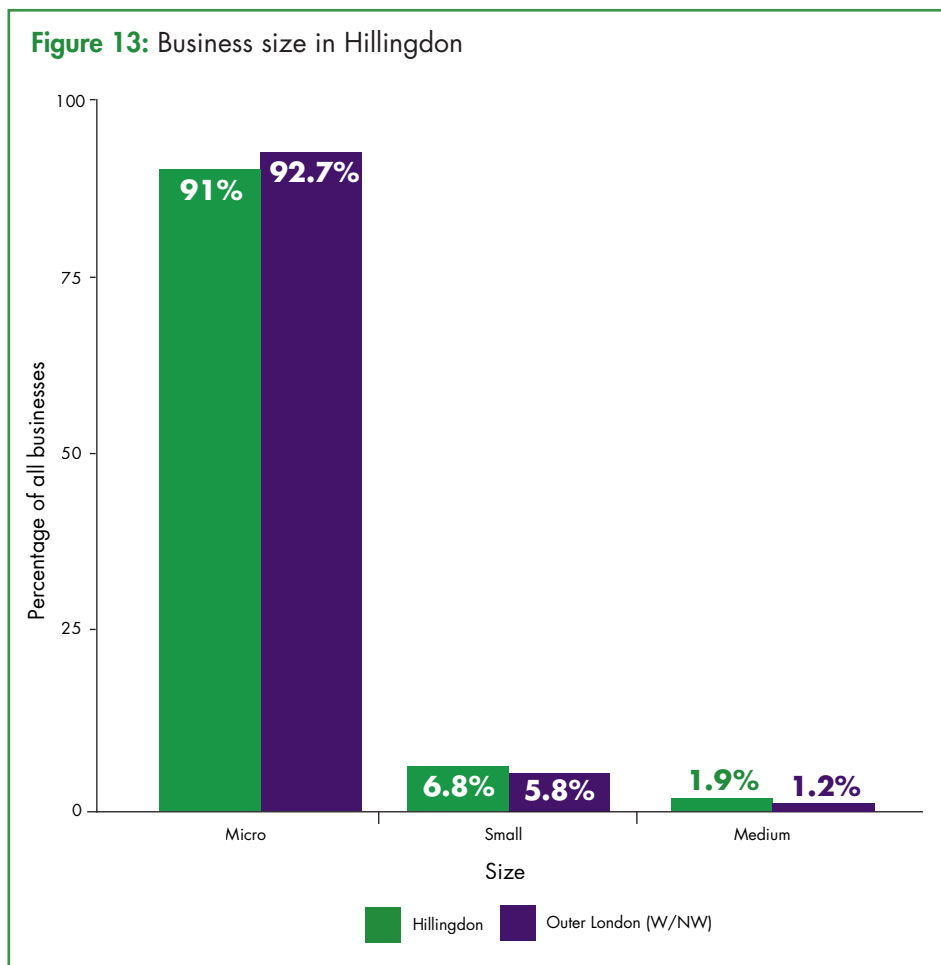
To indicate this macro-economic balance further, a breakdown of business size and knowledge intensity of employment around both Gatwick and Heathrow is detailed below.

Figure 12: Business size in Crawley



Source: ONS.

⁶⁷ Interview response



Source: ONS.

Attracting and retaining businesses: Inward investment and place promotion are likely to grow in importance post-Brexit, as wider trading arrangements and access to EU markets will change.

Many places already support inward investment, but fundamental will be the wider place “offer” – the support a place can provide to a company to support their location and growth. In the US, the competition for Amazon’s second HQ highlights the need for a coordinated and sustainable corporate offer. While the potential for local economic incentives in the UK is more limited, balancing incentives against long-term commitment will be critical and discourage a similar “race to the bottom” as seen with the Amazon HQ contest. Business Secretary Greg Clark’s successful assurances to Nissan in 2016 were built around the Industrial Strategy and focusing on competitiveness, supply chain, R&D and Brexit appeared to strike such a balance, offering a practical and close working relationship rather than short-term economic measures⁶⁸.

Supporting a “growth escalator”: Growing companies will need different types of support at different times in their development, help which must be easily available and coordinated. Growth Hubs are increasingly providing a one-stop-shop approach. An entrepreneurial ecosystem for business start-up should be encouraged and businesses grown, rooted strongly in their place. A “growth escalator”⁶⁹ of local business support agencies should be available for start-up businesses, recognising that the growth of a business will not simply follow a linear trajectory.

⁶⁸ <https://hansard.parliament.uk/commons/2016-10-31/debates/3BAC6B0F-E41B-431D-8062-C42D89C9ADA8/NissanSunderland>

⁶⁹ Localis (2018) - Place, learning and entrepreneurialism

4.4 Infrastructure



Industrial Strategy: “We must make sure our infrastructure choices not only provide the basics for the economy, they must actively support our long-term productivity, providing greater certainty and clear strategic direction. Our investment decisions need to be more geographically balanced and include more local voices. We can improve how we link up people and markets to attract investment, and we must be more forward-looking in respect of significant global economic trends.”

Supporting infrastructure delivery for local economic anchors

Towards a Productivity Deal: Framing the Strategic Discussion How places can support business productivity	
Driver of Productivity	Place supporting business: Initial themes for discussion
Infrastructure	Accessing public investment
	Attracting private investment
Place partners: Government Departments and Agencies, institutional investors	

Good local infrastructure is central to most LEA business models. Movement of goods and people is critical to trade, development and productivity – but local roads and rail, particularly in the South East, are under increasing strain.

LEPs have formalised private sector influence in local infrastructure and schemes – reflecting the needs of anchor employers – but new investment is required, along with new forms of joint working.

Improved infrastructure planning for regional growth becomes essential, both in making the case for improvements and accessing funding. Local places must work with major employers to understand expansion plans and potential, using this information to prioritise, campaign for and access finance to support growth.

Accessing public investment: Engagement with LEPs and business groupings supported by strategic authorities, has helped shape public infrastructure investment to support new jobs and business growth including the single-pot £9.1bn⁷⁰ Local Growth Fund and ESIF funding.

As these sources of public funding come to an end (all Local Growth Fund is allocated, EU funded programmes guaranteed to 2020⁷¹), local places need to make the case for a new relationship with government on infrastructure planning. The Shared Prosperity Fund is currently under development with an objective to “tackle inequalities between communities by raising productivity”⁷² with a specific indication that LIS’ will “help local areas decide on their approach to maximising the long-term impact of UKSPF”⁷³.

The need for wider opportunities to secure funding for regional infrastructure remains. Current funding mechanisms such as s106 agreements do not support spatial development sufficiently while new strategic infrastructure tariffs are not available outside Mayoral Combined Authorities. The complexity of public funding can also work against a co-ordinated approach to investment.

⁷⁰ House of Commons Library – Briefing Paper: Local Growth Deals

⁷¹ James Brokenshire (2018) – Local Growth: Written Statement

⁷² Ibid

⁷³ Ibid

The “Infrastructure circle”

Local infrastructure is funded through a combination of national, local government and private funding, released in most cases through development.

Government agencies such as Highways England deliver national programmes. Local government accesses funding through Departmental spending programmes, regional growth investment or through its own capital programmes funded through local asset management and borrowing.

Private funding will be released primarily through development, negotiated with local partners through strategic tariffs or through mechanisms including the Community Infrastructure Levy (CIL) or s106 planning agreements.

Figure 14: Infrastructure circle for new road funding



Source: DfT: Roads Funding Information Pack.

Places need to ensure maximum use of existing bid and funding mechanisms while making the case to government for wider funding powers to support local business growth.

Attracting external investment: A renewed relationship between business and place also makes new forms of private finance for essential infrastructure a greater possibility. Where a return can be provided, private or institutional investment should be considered.

Municipal Bonds have still to become mainstream (e.g. UK Municipal Bonds Agency), but the recent pooling of local government pension funds has made new money available for investment in local growth – with the pooling of assets across the 89 local pension funds to deliver costs savings, efficiencies and greater scale.

The Department for International Trade is energetically promoting specific regional infrastructure schemes to international investors. The packaging of schemes to attract investors in terms of the scale, potential for return and timescale becomes a major responsibility for local places in support of local business infrastructure.

4.5 Place



Industrial Strategy: “Our cities, towns and rural areas have competitive advantages that will be essential to shaping our economic future. Yet many places are not realising their full potential. The UK has greater disparities in regional productivity than any other European countries...every region in the UK has a role to play in boosting the national economy.”

Place-shaping to support local economic anchors

Towards a Productivity Deal: Framing the Strategic Discussion How places can support business productivity	
Driver of Productivity	Place supporting business: Initial themes for discussion
Place	Developing Local Industrial Strategy
	Planning spatially for growth
	Building trust
Place partners: All public/private sector and civil society within “place”	

Place is seen as central to local economic growth and by aggregation to national economic performance.

Local industrial strategies explicitly recognise the place-based support of business productivity. They provide a new vehicle for places to support business productivity and wider social prosperity by planning for regional growth, building local trust and confidence.

Developing Local Industrial Strategy: Charged with creating the first LIS’, the Mayors of Manchester, West Midlands and the Oxford-Cambridge Corridor are aiming for an agreement by March 2019. But with Brexit imminent, it is vital that non-metropolitan England is not left behind in developing place-based LIS’.

With 41 percent of England’s GVA, 47 percent of the country’s employment, and 40 percent of its imports taking place outside our cities⁷⁴, devolution through LIS must encompass and prioritise non-metropolitan economies where they lag behind on devolution.

In areas without mayors, LEPs should draw strongly on the expertise of their private and public sector partners. In particular, the strategic authorities and local partners who in many cases will already be providing support. The LIS will become the place-based framework for growth and provide the basis for discussion through the proposed productivity deal with business.

Planning spatially for growth: Spatial planning to support LEAs is essential for growth. New powers are urgently needed to ensure spatial planning. Devolution is achieving this in some metropolitan areas, but planning for much of the country is delivered at smaller scale.

Following abolition of regional planning in 2010, all statutory planning functions were transferred to district and borough councils in two-tier areas, with strategic planning matters relying on the voluntary mechanism provided through the Duty to Cooperate.

LEAs and growing companies will generally have greater space requirements, bringing them directly into contact with their local planning authority. One interviewee called for a “permissive environment” where jobs were needed.

With the absence of effective spatial planning, involvement with the quasi-judicial side of the local council can sometimes be lengthy and transactional. In supporting growth, places must support community engagement and take all

⁷⁴ County Councils Network – Economic Growth, Housing and Infrastructure

possible steps to hasten decision-making, as many already are.

Building Trust: Strengthened local relationships can build trust and confidence, but confidence in companies is low. This can breed scepticism and suspicion of growth within local communities. One interviewee reported “trust in business at an all-time low”.

LEAs can help re-connect local people to build “place patriotism”, linking local people directly to their local economy. This reinforces local trust benefiting the employer, community and has a wider social impact.

How strengthened local relationships can help rebuild trust

A strong local relationship between LEAs and communities can increase levels of trust - more important than ever within a global climate of distrust in international companies, especially following events such as the financial crash.

A GlobalScan⁷⁵ public opinion survey conducted in 2016 found that trust in international companies is at an all-time low but indicated:

Local is trusted: “There is a large gap between trust in national companies and trust in global companies and previous GlobeScan research has indicated this has more to do with a commitment to the local market than necessarily being a global enterprise – work to be relevant locally and continue to demonstrate a commitment to national and community aspirations wherever it operates.”⁷⁶

This is indicative of strengthened relationships between LEAs and surrounding communities as a key in rebuilding broken trust in large companies. Airports are anchors with a local base and stake in the local market, yet with an international focus sit in a perfect position for this, as we can already see from the example of Gatwick, where community engagement aims at inclusiveness and transparency in order to demonstrate trustworthiness.

From 2015 onwards, average trust in NGOs, businesses, government, and the media in the UK has fallen substantially, to the point where it has been labelled as a ‘Distruster’ country⁷⁷. Over the last 15 years, Edelman conducted annual research on trust because “[people] delegate important aspects of well-being to the four institutions of business (economic well-being), government (national security and public policy), media (information and knowledge) and NGOs (social causes and issues) ‘In order to feel safe delegating important aspects of our lives and well-being to others...Trust, therefore, is at the heart of an individual’s relationship with an institution and, by association, its leadership’⁷⁸.

Their 2018 report showed a dramatic drop in the Global Trust Index in government institutions both in the USA and UK. In the UK, government holds an overall trust percentage of 36 percent, while in business it is 43 percent. More research found that business is expected to lead in places where they view government failing to do so.

The top trust mandates for businesses are to protect privacy, drive economic prosperity, and provide jobs and training, while for government it’s to drive economic prosperity, investigate corruption, and protect the poor. The fact that both have driving economic prosperity in their mandate

75 Trust in Global Companies – A GlobalScan Public Opinion eBrief

76 Ibid

77 Robert Edelman – Crisis in Trust

78 Edelman Trust Barometer Global Report 2018

shows that there needs to be cooperation in this area between business and government. When applying it to the case of local government and place-based LEAs, it shows there needs to be coordination, transparency and communication between the two if either is going to have any success in gaining back public trust.

The crisis in trust that has emerged is not good for growth and prosperity on a local or global level. Within the context of LEAs, the solution is found in focusing on the local relationship between business and place. Anchors who engage with the local community and include them in building success ensure a mutually beneficial relationship for growth, prosperity and ensures high levels of trust in each other.

4.6 Recommendations

- Place support to business should be built around the *5 foundations of productivity*, recognising that LIS is the local manifestation of national Industrial Strategy. It should support both Sector Deals and Grand Challenges to access national opportunities and funding.
- Devolution to non-metropolitan areas of spatial planning and skills should be an urgent priority for government. A step-change is needed in devolution in non-metropolitan areas. The Apprenticeship Levy should be retained locally.

5. Making it happen: the “Productivity Deal”

This report argues that a new strategic relationship is urgently required between major businesses and place to deliver local industrial strategies (LIS), supporting place prosperity and business productivity. Built around shared objectives, this productivity and prosperity deal would form a new social contract with business through the LIS.

Establishing a new way of working reflecting the socio-economic prosperity of a place would be wider than simply GVA or profitability and may require the development of a wider reward index of local indicators. These would be place-specific and would form a “balanced scorecard” linking local productivity to place prosperity.

At its simplest, a productivity deal would be a commitment to meet regularly and establish a strategic conversation between LEA and place. At its most comprehensive, it would be an agreement to a series of locally-defined indicators with work programmes to support.

Several levers would support this new relationship: the role of the strategic authority on a spatial scale supporting the linkage of public services and investment. The way that councils could operate their economic development with a greater focus on the strategic rather than the programme or operation level. Place-based local initiatives would become the norm.

For business, CSR is given renewed focus around the LIS and productivity deal, enabling them to act more easily as local economic stakeholders and “responsible companies”⁷⁹.

This report highlights the drivers of place prosperity and the foundations of productivity as a starting point for discussion between strategic authority and anchor. Initial conversations would take place around them and be the basis of a renewed strategic relationship between LEAs and their place which is both locally relevant and nationally significant to increasing productivity and place prosperity.

Shared prosperity: How did we get here?

Lord David Willetts describes the political character of Victorian Birmingham as being “shaped by an extraordinary group of business families who combined Quakerism or Unitarianism and practical civic engagement...their names such as Cadbury and Lloyd are still recognisable today”⁸⁰. That Cadbury is now owned by multinational Mondelez and the Government was forced to take a major share in Lloyd’s Bank as a result of the worldwide financial crash is vivid testimony to the wider economic change.

But the memory of such business and social pioneers lives on in the nation. Cadbury’s Bourneville estate, bringing improved working conditions and social prosperity, resonates in the same way as Lever’s development of Port Sunlight to house his soap factory workers - part of Lever’s “prosperity

79 Business in the Community - What is Responsible Business?

80 CPS (2009): Conservatives in Birmingham

sharing” business model offering security and comfort while inspiring loyalty and commitment. Combining business with place prosperity, they were among the first LEAs.

This age of paternalism gave way to the “staple industries”, the growth of manufacturing and nationalised industries in the 20th Century. This created a new kind of employer, with big unions exercising financial muscle on behalf of their workforce. As the public sector grew, the presence of the private sector in this space receded. The shipyards, pits and steelworks were the anchors of their day until halted abruptly by the industrial unrest and recessions of the 1970s and 1980s and the fundamental reshaping of our economy in the Thatcherite mould with the growth of CSR.

5.1 The Strategic Authority

In *The Making of an Industrial Strategy*, Localis defines a strategic authority as the recognised body which leads the industrial strategy in a local area, most commonly a formal collaboration of local authorities across a geographic area.

Rural areas have lagged behind on devolution, largely unwilling to adopt a new mayoral model sitting above county, district and parishes. The consequence is a statutory gap in spatial planning (with the earlier abolition of regional and structure plans) which we argue strategic authorities should fill. Where formal collaborations do not already exist, we argue that the counties, by virtue of already operating on a wider spatial level, should assume this role in partnership with local districts and boroughs.

Industrial Compact

Localis⁸¹ has previously argued for the following “Industrial Compact” powers to automatically be transferred once a strategic authority has been established:



Spatial planning powers



Powers to grant planning permission on sites of strategic importance



Pooled CPO powers which should be used to capture ‘planning gain’



The duty to develop medium and long-term transport strategies



Regulatory control of local bus and suburban rail services, with franchising powers, regulating routes, frequencies, fares and standards



Processing and issuing all visa applications for people who want to work and study in their area



Leading area reviews of skills, and be charged and accountable for system oversight, audit and better coordination between providers



The power to introduce a place-wide Community Infrastructure Levy (CIL)

Place and public services could benefit significantly from an accepted strategic lead, while respecting existing statutory responsibilities. Many potential responsibilities would not need new powers, but simply an acceptance by government of the place leadership role in enabling non-metropolitan areas to implement new responsibilities and the strengthened strategic working at a local level. These may include:

Spatial planning: New planning powers as held by mayors should reside at county or similar strategic level, at present these do not exist in non-metropolitan areas. Wider planning is also being addressed through joint housing deals as in Oxfordshire where the county is playing a leading role but with clear support of the statutory responsibilities of districts and boroughs as local planning and housing authorities.

Transport: Transport planning is central to the development of new communities and place shaping for growth. Operationally, bus franchising is a power residing with some mayors, but with a legislative hook should counties as local transport authorities wish to pursue. While sub-regional transport authorities such as

81 Localis (2017) - The Making of an Industrial Strategy

Transport for the North may draw powers down from government and Highways England, these should pass to the strategic authority or further as appropriate.

Skills: The recent flexibility for the Apprenticeship Levy to be used in supply chains is welcome, but greater working with major employers may offer the opportunity locally to monitor take-up and direct underutilized levy to key areas identified in a LIS.

Health: The new health economy and the shifting emphasis from hospital and acute care to community and preventative health, presents new opportunities for integrating local care services, supporting GPs and developing Integrated Care Systems.

Community leadership: Perhaps the most important power mayors have is their “silent” power to convene and lead. Leaders of local authorities will be the “place champions” for their areas.

5.2 Economic Development

The strategic authorities’ role in supporting local growth should change further from project delivery to enabler, facilitator and broker. One interviewee reported economic development currently being “stripped back” in local councils. While many of the best councils are already demonstrating this approach, the productivity deal would require strategic authorities to lead place discussions with business and in local relationship building. Their role in programme and project management will become secondary to a more strategic function requiring innovation and working across public/private sectors and local/national government to support business and place needs.

The Wiltshire 100 programme demonstrates a new approach to relationship management with a single point of access for business and a direct link to council decision-makers, while “Smart Staffordshire” takes a place-based approach to digital delivery as an integral part of their response to the Industrial Strategy. An overview of both programmes can be found below.

The Wiltshire 100 Programme

Wiltshire Council’s “100 Programme”⁸² is a brilliant example of forging a new relationship with leading businesses in an area.

Delivered by Enterprise Wiltshire, the council’s economic development service, it delivers Wiltshire Council’s commitment to the county’s businesses to “closer working relationships to support their growth and assist their investment decisions”⁸³. It enables a regular and independent dialogue with local business, building knowledge and trust, offering both a single point of access and a direct link to senior council decision-makers where needed.

Evidence of the success of the programme can be found in the relationship with international technology company Dyson. Dyson’s relationship with Wiltshire Council ensured its continued growing presence in the county.

82 Enterprise Wiltshire – The Wiltshire 100 Programme

83 Ibid

Smart Staffordshire

The “Smart Staffordshire” digital delivery programme aims to “enable citizens and businesses to flourish in the digital age, connecting smart people to smart living and smart working”. The programme brings together organisations across the county to develop a vision to be tested on young people, citizens and local enterprise. It will address digital skills needs, digital infrastructure and support a growing entrepreneurial technological business sector.

5.3 Local funding

The non-statutory nature of most economic development means that funding is always under budget pressure from demand-led public services. To lead and give consistency to deals, long-term and high-level working relationships will be required with LEAs.

Additional to any income from successful joint ventures through productivity deals, places will benefit from increased business rate retention as a result of growth. Review of the existing Business Rate Retention pilots should include consideration of the need for a core strategic funding requirement for councils to promote economic growth – initially funded through the Treasury retained element of business rates.

Financed effectively and directly by local business through business rates, this growth funding would be used to provide place capacity for productivity deals and for the delivery of LIS. Accountability for its application could be linked to local business - establishing a direct link between business, place and a direct stake in its investment.

5.4 Corporate Social Responsibility

Major employers already contribute significantly to local economies – with moves to full Business Rate retention, this relationship becomes more explicit.

The direct financial support through planning conditions on development (e.g. S106) and other arrangements linked to growth alongside the development of BIDs and community support through CSR budgets combine to build a significant business stake in place.

But our research has found a reduction in contributions from major companies and a narrowing of business support with communities living close to LEAs not benefitting as much as they should. Year-on-year donations by FTSE companies have fallen by 26 percent since 2013 with only 26 companies donating at least one percent of pre-tax profit in 2016⁸⁴. A senior politician noted that “much greater linkage to local opportunities and young people would be positive, with some real areas of social disadvantage and some multinational companies just down the road”.

The LIS presents a new opportunity to align corporate support more closely to economic and place prosperity. We divide this into strategic, corporate and place support. We argue the productivity deal should be at the heart of this relationship between place and local LEA.

The Charities Aid Foundation indicates a “downward trajectory for corporate giving continues with fewer companies replenishing a depleting pool of money donated to charitable causes”⁸⁵.

Interviews indicate that CSR support is drawn increasingly towards national and global issues such as climate change and international development. While a feeling of “initiative fatigue”⁸⁶ and national “issue drag”⁸⁷ may also have

84 CAF - Corporate giving in the FTSE 100

85 Ibid

86 Interview response

87 Interview response

narrowed corporate support, early interviews with business groups indicate a shift in budgets led by professional CSR managers towards sustainability and, increasingly, the circular economy.

While international companies have global concerns, CSR remains a major source of local investment. The LIS, when combined with a productivity deal, would enable a renewed local approach to be taken and a realignment of CSR investment in support of local place prosperity.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a requirement of corporations to assess its "stakeholders...and evaluates its responsibilities to them"⁸⁸. An organisation with a good CSR strategy will formulate policies and community outreach programmes that would attempt to address central stakeholders' concerns to bring benefit to them. Practicing good CSR allows organisations to be held accountable, as well as form good relations with employees, communities and governments.

CSR can manifest itself in multiple different ways. The rise of environmental concerns have led many corporations to incorporate eco-friendly strategies into their CSR policies. Interestingly, Companies House has itself released its own strategy. Within it there is a focus on four different strands, which are the Environment; People; Procurement practices; and Community⁸⁹.

CSR: why engage?

LEAs engaging in CSR includes creating goodwill and relations between members of the local community and the anchor. Anchors who engage with the community to promote ethical, environmental, and fair initiatives to boost their prosperity could be a sense of pride for employees. CSR can also foster innovation and boost creativity for the anchor. Delivering the ultimate objective of CSR is to create goodwill and ultimately boost its own organisation's reputation in other manners outside of finance.

In the past CSR policy had little to do with the purpose of the business. It is often seen as a PR operation, or as a charity giveaway, rather than a genuine commitment to development and growth of society. While the perception and value of CSR has changed, it has always been a part of corporate strategy.

Today, the CSR strategies of large anchors are transparent and easily assessable online. With an increased focus on CSR policy aimed at holistic community prosperity, anchors dedicate a specific resource to it. In the case of airports, this can be seen with Gatwick, Heathrow, Manchester, and Stansted who have all dedicated funds to apprenticeships, consulting community on expansion and environment concerns, and funds to local causes, to name a few.

88 Principal People (2015) – What is Corporate Social Responsibility?

89 Companies House (2018) – Our Commitment to Corporate Social Responsibility

5.5 Responsible Business

A more granular approach is demonstrated through the Responsible Business programmes of Business in the Community. Established as the Prince's Responsible Business Network, BitC is a business-led membership organisation built on the premise that the prosperity of business and society are mutually dependent.

Business in the Community: What is Responsible Business?

We believe the prosperity of business and society is inextricably linked. If every individual business strives to be the best it can be in all areas as a responsible business, there will be a positive multiplier effect that will benefit society, the economy and the environment. If businesses collaborate, they can have a greater impact upon key issues than if acting alone⁹⁰.

BitC's Responsible Business Map identifies key issues businesses need to address to achieve long-term financial value. It explains the actions and outcomes businesses should aim for against each issue, linked to the UN Sustainable Development Goals.

Its "Pride of Place" programme asks businesses to engage with communities in a new way, particularly those in greatest need with the aim of "building healthy communities with successful business at their heart".

These programmes enable new relationships with place, built on understanding and investments over time.

They are excellent examples of how LEAs may operate in developing a more granular relationship with place.

⁹⁰ Business in the Community – What is Responsible Business?

Anglian Water⁹¹

Wisbech is widely known as the *Capital of the Fens*, but a national survey shows this area in Cambridgeshire has four of the top eight most deprived areas in the top ten percent nationally, and these are all in Wisbech.

Pride of Place: Learning from Wisbech:

Public bodies and private sector partners needed to think differently about what to do united by “a passion to deliver a prosperous future”. As a result, the Wisbech 2020 Vision to improve transport, build local skills, increase tourism and boost retail, create new jobs and more homes was born out of discussions between local political leaders and was formally launched in January 2013 in a detailed Action Plan.

The role of Anglian Water and its supply chain model

Anglian Water joined the partnership and became a driving force at an early stage. They established a rural “Business Connector” in Wisbech in 2013, bringing together senior leaders from their tier 1 suppliers, creating a steering group and underwriting a longer-term project while committing to work with the Wisbech community.

They identified the most important first step was to listen to the views and needs of the local community, then deliver some quick wins. These included securing a lease on a disused school to create a thriving and profitable community centre, hosting a weekly job café and an annual Jobs & Skills Fair and working with a local school and college to raise aspiration and attainment. At the college two new courses were created for construction & engineering. Long-lasting change in transport infrastructure connecting Wisbech to Peterborough and Cambridge needed to be addressed. This became the major focus of Anglian Water’s input in recent years, investigating and supporting proposals for the reconnection of Wisbech to the rail network and improve road infrastructure. This led to a consultation with the community about the vision for Wisbech beyond 2020. Anglian is supporting a new approach to flood modelling, investigating how a Garden Town which would deliver up to 12,000 homes can be created to be climate resilient, with blue and green infrastructure at its heart to support the new development & the existing town.

Source: Business in the Community

5.6 Recommendations

- **Local businesses should report against a “balanced scorecard” of qualities of LEA** in support of LIS, building business productivity and place and social prosperity.
- **Strategic councils should forge a renewed role in economic development** as a broker, enabler and facilitator of growth and should be recognised in local council funding. In delivering LIS, strategic authorities should target opportunities, support and interventions to LEAs. Recognition is needed in local government funding of the importance of this role.
- **LIS provides the opportunity for businesses to re-align their CSR investment** in support of local place prosperity.

⁹¹ Business in the Community (2017) - Responsible Business of the Year 2017

6. Gatwick Airport and West Sussex County Council: A deal to be done?

Gatwick Airport's draft Masterplan launched in October 2018 presents an immediate opportunity to consider and test the "productivity deal" approach and offer national leadership in linking local support for business productivity to place prosperity.

The Gatwick Masterplan presents three scenarios for growth with increased passenger numbers, all of which will have significant importance for the development of prosperous local communities. Identifying "Community" as one of its 6 strategic priorities, the Masterplan states "we want to be a good neighbour to the communities around the airport, supporting jobs and skills and limiting or, where possible, reducing negative impacts".

In turn, the West Sussex Economic Growth Plan specifically recognises the need for "maximising the opportunities from Gatwick" as one of its five priority themes. The current S52 planning agreement precluding the simultaneous use of both runways (Gatwick's scenario 2) is also with West Sussex County Council giving a direct route to negotiation. West Sussex County Council agreed to remain neutral on the Masterplan pending discussions with Gatwick.

Further opportunity is provided with the invitation by Government for Coast to Capital LEP to be included in the third wave of Local Industrial Strategies (LIS) building on its "Gatwick 360" strategic economic plan which has Gatwick Airport at its heart.

Gatwick's Draft Masterplan 2018

This sets out proposals for the airport's ongoing development and sustainable growth and is a direct response to the Government's call for UK airports to look at "making the best use of existing runways". It outlines three scenarios for growth:

1. One where we remain a single runway operation using the existing main runway

"If the airport continues with the existing single runway operation we believe that by 2032 Gatwick could be processing up to 61 mppa

"In the near term, the airport has explored how deploying new technology could increase the capacity of the main runway, offering incremental growth through more efficient operations."

2. One where the existing standby runway is routinely used together with the main runway

"Operating both runways simultaneously...could deliver up to 70 million passengers by 2032.

"Under its current planning agreement (with West Sussex County Council), Gatwick's existing standby runway is only used when the main runway is closed for maintenance or emergencies... The draft master plan sets out for the first time how we could potentially bring our existing standby runway into routine use for departing flights, alongside the main runway, by the mid-2020s."

3. One where we continue to safeguard an additional runway to the south

"An additional runway within ten years of starting the planning process would take Gatwick's capacity to approximately 95 million passengers per annum."

"While we are not actively pursuing the option of a building a new runway to the south of the airport - as we did through the Airports Commission process - we believe it is in the national interest to continue to safeguard this land for the future as part of our master plan."

West Sussex County Council Economic Growth Plan 2018-2033

West Sussex's Economic Development Plan specifically recognises the need for "maximising the opportunities from Gatwick" as one of its five priority themes. It aims to create and support higher value employment in a wide zone of opportunity around Gatwick.

The Plan identifies the need for action...

- We are not fully capitalising on the airport and our connectedness
- More benefits go to Surrey than West Sussex
- More can be done to capitalise upon the international trade opportunity
- Unclear clarity of offer
- Employment space is not configured around the needs of businesses attracted to Gatwick and the surrounding areas
- Potential to deliver county wide benefits.

...and how this would support the county's economic growth:

- Improving productivity would boost the West Sussex economy by £1.4bn a year
- The growth of businesses has the potential to support supply chains in the wider area
- Businesses will provide employment opportunities that can be accessed by West Sussex residents – improving wage levels and reducing the requirement for out-commuting.

Priority objectives are areas for action are defined:

- We will develop a stronger business proposition in a wide zone of opportunity around Gatwick
- We will work with partners to unlock and enable space for growing businesses around Gatwick and in the north east of the county
- We will support West Sussex residents to benefit from opportunities arising in and around Gatwick
- We will ensure the town centres are business and visitor ready
- We will work with partners to secure infrastructure investment to enable business and productivity growth in the north east of the county"

Specific measures of success are likely to include: increased business count / business count per 1,000 residents; increased proportion of employment in higher value business and professional services; higher resident and workplace earnings; and commercial floor space built every year.

“**Gatwick 360°**”

In the third and final wave of Local Industrial Strategies announced in December 2018, the Government has included the Coast to Capital LEP following the publication of its new strategy Gatwick 360°, a direct acknowledgement of London Gatwick airport’s place at the geographical and economic heart the area.

C2C identifies three main areas in which Gatwick’s continued competitiveness can support the delivery of its Strategic Economic Plan:

1. International connectivity
2. Business growth
3. Attracting development

Gatwick Airport is seen as an engine for growth, its reach and importance presenting a unique set of opportunities and strengths on which to build the future local economy.

A history of local deal making

There is also a strong history of deal-making with Gatwick. Gatwick and West Sussex have previously agreed several deals demonstrating the potential to do business productively together.

The S106 planning agreement signed by Gatwick, West Sussex and Crawley, extended to 2018, underpins the relationship between the airport and its growth with the councils’ responsibilities for planning, environment and highways. Performance against the agreement is reported to the councils and the Gatwick Consultative Committee.

The Growth Deal between Crawley and West Sussex County Council signed in 2016 is a shared commitment to bring both local economic benefits and improvements to local quality of life.

The Crawley Growth Deal

Signed in 2016 by the leaders of West Sussex County Council and Crawley Borough Council, the Crawley Growth Deal identifies a number of key projects to create the conditions for economic growth, improve residents’ experience and unlock investment opportunities. These include:

- Regenerating Crawley town centre
- A Manor Royal Improvement Programme
- Close working with Gatwick Airport including establishing a Gatwick Skills Laboratory to overcome potential skills shortages
- Work to improve resident skills and employability in the Crawley area

Crawley and Gatwick: Thriving together outlined the local commitments Gatwick would undertake in support of their case for a second runway. This included infrastructure support for new homes, a target for local procurement and an apprenticeship fund.

Crawley and Gatwick: Thriving together

In building their case for a second runway, community pledges between Gatwick and Crawley Borough Council included:

- A pledge to support the expected demand for 9,300 new homes with funds to deliver infrastructure improvements
- A £3.75m fund to help create 2,500 new apprenticeships for young people
- New engagement charter with dedicated team to help local businesses and landowners
- Continue to meet all legal air quality standards
- An industry leading approach to noise, including a Council Tax Initiative for compensation
- "Road and rail" ready by 2021
- 120,000 new jobs
- A target of 40 percent procurement from local businesses

The 1979 Section 52 Agreement between Gatwick and West Sussex precluding the simultaneous use of both runways which expires in 2019 is the pivotal planning agreement relating to the draft Masterplan.

Airport expansion: national context and a new relationship

Gatwick's proposals and wider growth within West Sussex must also be seen within the context of increased air travel with recent Government consultations supporting the industry's growth. With the need to secure community support for airport expansion plans, this presents a major opportunity for local places to maximise their relationship with their airports as drivers of local growth and place prosperity.

A new strategic relationship is required between place and airport, both to mitigate and manage the environmental effects of expansion and secure the benefits of local benefits of growth for local people. This would be wider than previous agreements and should be built around the LIS, establishing a new relationship between the airport as a LEA and its wider place in building and supporting prosperous local communities.

Case study: Airports

Airports are unique LEAs: major local employers, with an even larger economic footprint, investors in skills - and unlikely to move. They are also set to grow.

The Government expects the strong growth in passenger demand in recent years is "likely to increase significantly between now and 2050"⁹². While not without significant local issues, this presents a major opportunity for local places to maximise their relationship with their airports as drivers of local growth and prosperity. In particular, the drive to expand the low cost, long haul flight market to new worldwide destinations offers local areas and businesses new and additional potential through new export markets, trade and foreign direct investment. Currently, domestic airline policy is in flux with two major Government consultations underway to develop airport strategy and use of airspace. The time taken is frustrating to the industry, but this hasn't stopped

92 DfT (2018) - The future of UK aviation: Making best use of existing runways

plans for investment and expansion. The go-ahead for Heathrow's third runway is the national headline, but in the South East new developments are planned at Luton and Stansted and, earlier this Autumn, Gatwick published its new Masterplan. Recognising that further new-build runways are unlikely - or at least many years off - the immediate aim of all airports is to maximise existing resources. To achieve this, airports need local authorities and local communities to be on-side. Passenger and cargo growth means the need for better transport connections, noise and environmental management and local support for planning and growth becomes acute. The failure to convince the local community is often cited as a major reason for Gatwick's stalled plans for its second runway.

A strategic relationship

For local places, mitigation of noise and environment effects is essential. But the objective of growth must be to ensure airports develop as "strategic economic hubs" with wider regional impact, not simply employment hubs with limited reach. The need for strategic planning across a wider area becomes essential.

Drawing from national experience and best practice, major strategic issues need to be addressed:

Planning: Additional to planning permissions, expansion within a wider spatial economy and its relationship with neighbouring areas and transport impacts must be considered. Homes and infrastructure to support new workers and communities must be included.

Noise: Local noise forums are already in place for most airports, but flight paths do not respect council boundaries and new airspace developments may require a much wider catchment.

Transport: The lack of joined-up regional planning for transport remains a significant void and one that must be filled if integrated public transport and a major shift from the car is to be achieved.

Construction: New buildings require new construction at a time when skills and labour are already limited. Building off-site and securing construction facilities for wider use offers potential to develop skills and lower-cost delivery.

Supply chains: Building the local economy through the increase in local supply chains must be at the heart of the economic offer.

Apprenticeships: A commitment to apprenticeships, training and engagement with schools and the local FE sector can help to build a "skills supply chain".

Environment/community: Mitigating the environmental and community impact remains key. This will include local environmental forums but is also the opportunity for airports' communications with the local community – they need to be seen to be approachable, active and responsive. The use of CSR linked to LIS can support this engagement.

A licence to grow?

For airports, the need to communicate their case for expansion and keep local people supportive makes their relations with local places critical to the business and productivity models. For local places, their growth means they will be central to LIS. A renewed relationship is vital.

Towards a Productivity Deal between Gatwick and West Sussex County Council

Built around shared objectives and outcomes, a productivity and prosperity deal between Gatwick and West Sussex County Council would establish a new way of working to support both the economic and social prosperity of the county.

A deal would be a commitment to meet regularly and establish a strategic conversation between LEA and place. Built around a “balanced scorecard” linking local productivity to place prosperity, key areas would be agreed for joint working in the context of a LIS. It may consider the development of a wider reward index or local indicators to monitor progress.

Building on earlier analysis and commitments within the draft Gatwick Masterplan and the West Sussex Economic Growth Plan, major areas for consideration within such a deal are indicated below. A deal would not necessarily cover all elements, but provides a framework for discussion and agreement.

The aim is balance place and community prosperity with business productivity, realising a “balanced scorecard” for both business and residential communities.

Towards a Productivity Deal: The Balanced Scorecard

Forging a new relationship between West Sussex County Council and Gatwick Airport to support prosperous local communities and airport productivity

Driver of Place Prosperity	Business supporting place	Gatwick commitment	Potential areas for discussion
Local business	Building local supply chains	<p>We will focus on improving opportunities for local business to supply goods and services to Gatwick.</p> <p>We are sponsoring partners for the Gatwick Diamond 'Meet the Buyers' event, and will continue to work actively with regional partners to create new business opportunities for local companies.</p>	<p>Target for local purchasing.</p> <p>Involvement of local construction sector in any new capital build, support new methods/technologies.</p> <p>Further development of procurement strategies e.g. packaging to encourage SME growth.</p> <p>Extension of "meet the buyers" to entrepreneur networks.</p>
	Growing sectors	<p>We want to maximise the positive contribution Gatwick makes to local communities through employment opportunities and through our supply chain.</p>	<p>Development and mapping of supply chain, including target for people employed within it.</p> <p>Support of place marketing for international investment and sector growth.</p> <p>Support of local businesses to capitalise on new airline routes to new world locations.</p>
	Leading by example: "good jobs"		<p>National exemplar for "good" employment.</p> <p>Commitment to local living wage.</p>

Local people	Shaping skills provision	We are developing new ways of raising local awareness of job vacancies at the airport and provide help to local unemployed people through our employability programme.	<p>Clear strategy to address doughnut economies and impact of automation.</p> <p>Support of employability programme, particularly targeting unemployed, hard-to-reach and older workers.</p>
	Building “skills supply chains”	We will continue to promote Science, Technology, Engineering and Maths (STEM) subjects amongst local school children, for example ‘Crawley STEMfest’ and the ‘Big Bang South East’. Our exciting new programme, Learn Live, broadcasts Gatwick Airport live into classrooms across the country, showcasing key airport themes and careers Managing and mitigating impacts.	<p>Clear skills supply chain with engagement throughout to grow local workforce.</p> <p>From inspiration to application, building on existing commitments this may include ambitious new commitments:</p> <ul style="list-style-type: none"> • Sponsorship or development of local academies • Development of local curriculum offer and local qualifications • T level placements and sponsorship of studentships and scholarships to support growth • Support of local HE offer and development of dedicated FE/HE facility in the north of the county.
	Enabling housing	We will continue to provide grants for sound insulation to those most affected by noise.	<p>New commitment to housing through:</p> <ul style="list-style-type: none"> • Enhanced and extended mitigation methods • Infrastructure support to new communities and to manage growth • Support for key workers and local employees as investor, employer or property holder.

Local places	Providing a growth dividend		<p>Infrastructure investment for key road and rail improvements.</p> <p>Linkage of community investment to business growth.</p> <p>Community shareholding.</p>
	Investing in Business Improvement Districts		Support/linkage to Manor Royal BID.
	Supporting the environment and community	<p>We aim to do everything we reasonably can to deliver a sustainable operation. As Gatwick's growth continues, we will remain sensitive to the impacts our operation has on local people. We have a wide range of engagement forums in place. In 2016 we set up a Noise Management Board, through which we will continue to work with industry and community representation to seek practical ways of reducing noise impacts.</p> <p>We will continue to implement schemes designed to improve air quality and will ensure that all air quality standards continue to be met.</p> <p>We want to continue our role in assisting local good causes through sponsorship and direct grants. We launched the Gatwick Foundation Fund in 2016, working in partnership with the Community Foundations in Kent, Surrey and Sussex to oversee £300,000 of annual grants for good causes across the region.</p>	<p>CSR strategy clearly linked to productivity deal and LIS, as well as mitigation.</p> <p>Wider commitment to addressing health and welfare issues with West Sussex County Council to build prosperous communities (linked to JSNA and including loneliness, family breakdown, domestic violence, etc).</p> <p>Continued clear and developed strategies to engage with local communities on noise impact.</p> <p>Target for modal shift to public transport.</p>

Driver of Productivity	Place supporting business	West Sussex commitment	Potential areas for discussion
Ideas and innovation	Co-ordinating the local public sector innovation offer.	We will develop a stronger business proposition in a wide zone of opportunity around Gatwick.	Local "innovation offer." Clear commitment to closer working on Grand Challenges, particularly Clean Growth and Future of Mobility.
	Accessing data and markets.		
	Accessing finance.		Shape opportunities through Shared Prosperity Fund. Support for inward investment through Gatwick brand and expansion.
Skills	Raising aspirations, promoting local opportunities.	We will support West Sussex residents to benefit from opportunities arising in and around Gatwick.	Support for closer linkage between education sector and Gatwick. Brokerage of opportunities through the education and skills system.
	Addressing automation.		Audit of "cliff edge" jobs.
	Taking greater control through skills devolution.		Closer working to shape spend of apprenticeship levy locally.
Business environment	Supporting supply chain development.	We will work with partners to unlock and enable space for growing businesses around Gatwick and in the north east of the county.	Macro-economic support to boost local "supply side" (C2C). Scale-up programme (C2C).
	Attracting and retaining businesses.		Increased working with local universities: placements, graduate skills, entrepreneurship.
	Supporting a "growth escalator."		Alignment of business support offer through Growth Hub.

Infrastructure	Accessing public investment.	We will work with partners to secure infrastructure investment to enable business and productivity growth in the north east of the county.	Clear position on Gatwick Masterplan. Joint working and investment to fund major infrastructure priorities including through Shared Prosperity Fund.
	Attracting private investment.		Joint working to secure private investment working with Dept for International Trade.
Place	Developing Local Industrial Strategy.	We will ensure the town centres are business and visitor ready.	Development of "Gatwick focussed" local Industrial Strategy. Close working with C2C.
	Planning spatially for growth.		Improved spatial and regional planning for growth.
	Building trust.		Joint messaging and communications to build local trust.

Recommendation

- In its negotiations around airport expansion, West Sussex County Council should explore the potential for a productivity deal with Gatwick Airport to establish a new way of working towards shared commitments to increase productivity and prosperous local communities.

7. Lessons for Local Industrial Strategy

In the course of the report, several wider lessons have been learned for the development of Local Industrial Strategy (LIS). These are learning points rather than specific recommendations but are drawn from research and findings in the report and will support the delivery of robust and distinctive LIS’:

- **Local Industrial Success = business productivity + place prosperity**, place prosperity must be fundamental to LIS.
- **LIS should be the local manifestation of national Industrial Strategy**. It must address the 5 productivity challenges in a way that is meaningful and distinct to its area, supporting both Sector Deals and Grand Challenges and enabling access to national opportunities and support.
- **Increased international competitiveness, the pace of change in both technology and consumer markets, and our national productivity challenge, demand a new approach to LIS**. Brexit simply brings this into a clearer focus.
- **Local Economic Anchors are what makes a place distinctive** – they must be at the heart of LIS and the drivers of their local economies. LIS must support LEAs with a clear approach to growth and retention, targeted according to typology.
- **Local Economic Anchors, by definition, are good for growth (GVA)**, but productivity gains must be felt by residents; anchors need to work for their local areas to address broader economic impact and quality of life issues – mind the social prosperity gap.
- **Private sector anchors differ from public sector anchors or infrastructure** – different types of anchor require different approaches, but the benefit of all must be maximized for place prosperity.
- **LIS must understand the business make-up of the area** – LEPs and strategic authorities must encourage start-ups where there are structural gaps and scale-up new entrants to fill defined gaps in local supply.
- **LIS is not an economic plan** but should enable a “whole system” approach to growth within an area, maximising all its assets. Strategic authorities have a major role to play within this.
- **LIS will be fundamental to new industrial relationships**. New relationships and new ways of working will be required to deliver it.
- **There must be coherence around an area**, based around identity and their LEAs
- **LIS’ must build trust in local businesses and local public sector councils and agencies**. Increased trust should become a measure of a successful LIS.
- **Effective business and democratic leadership is critical** to the delivery of local growth.
- **LIS’ should be measured by their impact on both economic and social prosperity**.



Localis
8a Lower Grosvenor Place
Westminster
London, SW1W 0EN

0870 448 1530
info@localis.org.uk

[localis.org.uk](https://www.localis.org.uk)

Kindly sponsored by:

