



THE DELIVERY OF AN INDUSTRIAL STRATEGY

Raising prosperity across England

Jack Airey and Joe Fyans

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.

Acknowledgments

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Any errors or omissions remain our own.

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Executive summary

To date, the industrial strategy has largely been led by Whitehall. Announcements of green papers, white papers and sector deals have punctuated a shift in tone and approach towards the economy by central government. The state is no longer an automatic impediment to growth but a partner and enabler. Yet a national approach can only do so much. From such a high vantage it can be difficult to see the differences on the ground, the subtle shifts in employment or infrastructure which make a solution in one part of the country a wasted opportunity in another.

Now, places – namely, strategic authorities, local enterprise partnerships (LEPs), local business communities and other civic institutions such as universities – must take the industrial strategy forward in their area. This means local and strategic authorities using their existing legal capacity fully. It means the local public sector working with a unity of purpose in collaboration with Whitehall departments to lead on initiatives such as the industrial strategy's Grand Challenges. And it means creative policy to release the brakes holding back living standards and economic growth.

Above all, the industrial strategy is an opportunity for reform and it is vital places seize it. This report is written to support places to do that, putting forward ideas for how strategic authorities and LEPs can lead and deliver the industrial strategy in their area.

Is the economic status quo politically sustainable?

Since taking office, the Prime Minister has consistently pledged to build a country and economy that works for everyone. In response to the “quiet revolution” of the Brexit vote, a decisive change in how the country works has been promised.¹ The Modern Industrial Strategy was introduced as a set piece policy agenda designed to deliver such a change.

The Prime Minister's words and ambitions marked a break from the recent past. They appealed across the political divide because they began to acknowledge that people experience the economy in fundamentally different ways. This may sound obvious to the reader, however too often the orthodoxy of British politics is to see a growing economy as evidence of prosperity for the people who comprise it. The reality, or in some cases perception, is felt quite differently.

Public polling conducted for this report finds a large majority of people feel little to no benefit when the national economy grows.² The same is true when their employer does well financially. Further, they feel undervalued. Half feel they, their colleagues and fellow citizens are paid less than their work is worth. And over two-

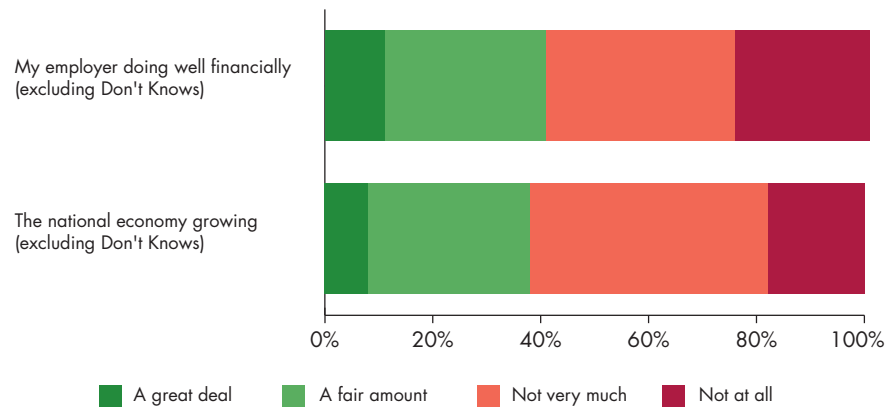
¹ BBC News (2016) - Theresa May: I'll use power of state to build fairer Britain

² All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1,641 adults. Fieldwork was undertaken between 21st - 22nd February 2018. The survey was carried out online. The figures have been weighted and are representative of all GB adults (aged 18+). Quoted figures exclude “Don't know” responses.

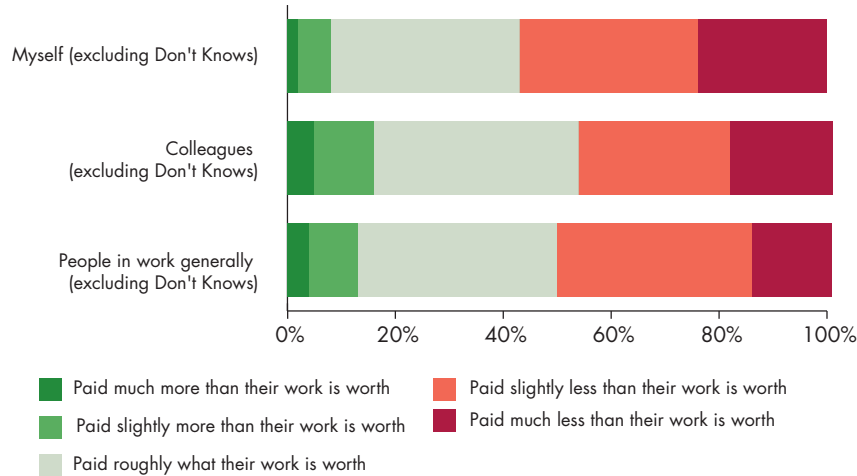
thirds do not believe they are fairly-rewarded for hard work by their employer.

These figures show too often the relationship between the individual and the economy is broken, or seen to be broken, and too often works disproportionately better for some than others. Across the world, recent votes against the status-quo suggests this to be politically unsustainable for mainstream politics. Tackling many peoples' estrangement with the economy should be a primary aim of current and future governments. To their credit, both the Prime Minister and Leader of the Opposition have acknowledged this tension, albeit in different ways.

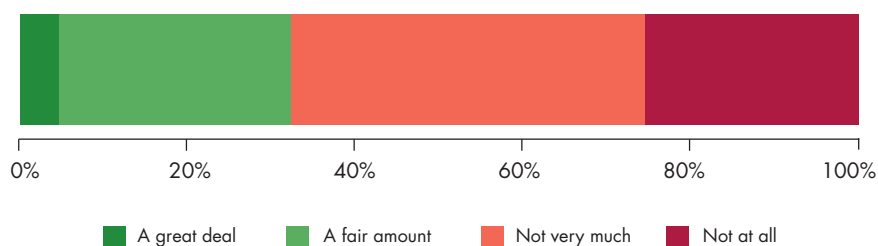
i. To what extent, if at all, do you think you personally benefit financially from the following situations?



ii. Thinking about work and pay, to what extent, if at all, do you think the following groups and individuals are generally paid more or less than what their work is worth?



iii. To what extent, if at all, are you rewarded by your employer for hard work? (excluding Don't Knows)



Source: YouGov/Localis survey results.

The industrial strategy is at risk of stalling

The reintroduction of industrial strategy to the forefront of government policy was bold and counter-orthodox. Delivered effectively, it can be the process by which people and places feel more connected to national and local prosperity – and by which the Prime Minister’s early rhetoric is matched. A successful industrial strategy will better align the contribution people make to the economy with the reward they receive. This means making it fairer. And it means making it more transparent – well-functioning capitalism shouldn’t leave people baffled at obscene bonuses, or company pension pots being defunded, or profits being manufactured off the back of increasing debt. Some of these tensions can be addressed nationally, but some only at the local level. However, with fundamental weaknesses in the way it has been set up, which we outline below, the industrial strategy is already at risk of stalling.

There is a risk the industrial strategy is place-led in name only.

The industrial strategy document underlines the importance of place when it comes to state support for greater economic growth and higher living standards. A central part of the strategy is the agreement of local industrial strategies with places across England. This is welcome. It provides every part of England with the impetus to plan to make a success of Brexit and take advantage of impending changes to the economy, furthering pride in place and nation, all with the support of government. However, there is a danger that government’s ambition, and the potential of local industrial strategies, is not matched by its allocation of resource or attention. The civil service is currently working to support and agree three local industrial strategies (in three of the ‘easiest’ places to work with given their existing strategic functions). If this rate is maintained, a significant number of places – often those most in need of an effective local industrial strategy – will not have local industrial strategies in place by the end of the Brexit transition period.

While government is focusing on a few places and is right to want to do each as well as possible, we would urge them to ensure all places benefit from agreed local industrial strategies. It would be a waste if, because so much energy is devoted to negotiating the country’s future relationship with the EU, one of the main reasons people vote for Brexit – that the economy does not work for them – is left unaddressed in the majority of places in England. Local industrial strategies are just one part of that of course, but an important part nonetheless. Government should aim to agree a local industrial strategy with every part of the country by the end of the Brexit transition period.

Underutilising strategic authorities could lead to gaping inequities in the efficacy of local industrial strategies.

In areas with mayoral-combined authorities, they (the strategic authority) will write and deliver the local industrial strategy. In areas without a mayoral-combined authority – two-thirds of the country – there is a lack of clarity from government in how the local industrial strategy will be delivered. Local Enterprise Partnerships (LEPs) have been tasked with writing strategies, but, unlike areas with mayoral-combined authorities, the strategic authority (most often the county council) is not embedded into the local industrial strategy process apart from their existing links through LEPs. This is a huge weakness in government’s approach to industrial strategy. Many of the interventions that could make up a powerful and reforming local industrial strategy will not be legally possible without the strategic authority, nor will places be able to access devolved growth-related powers or funding flexibilities. In short, without marrying strategic decision-making with democratic accountability, there is a danger that local industrial strategies will be much weaker in non-metropolitan England. Divides in economic growth and opportunity across the country could end up being exacerbated – the opposite of what the industrial strategy was introduced for. To counter this – and the slowness of both government to agree, and some LEPs to begin planning, local industrial strategies – all strategic authorities should produce plans for the delivery of the local

industrial strategy in their area.

The industrial strategy needs to focus on more than rates of productivity. The central premise of the industrial strategy – that working better, achieving higher rates of productivity, will lead to greater prosperity – is not believed by over two-thirds of the country. As public polling for this report finds, 67 percent of respondents do not believe they are appropriately rewarded for hard work. Moreover, as we detail in this report, the relationship between rates of productivity and prosperity is uncertain. In a number of places, rates of productivity have increased much more quickly than wages. Higher productivity is important, but not always a passport to individual prosperity.

The industrial strategy needs to focus more on, and be led by, places

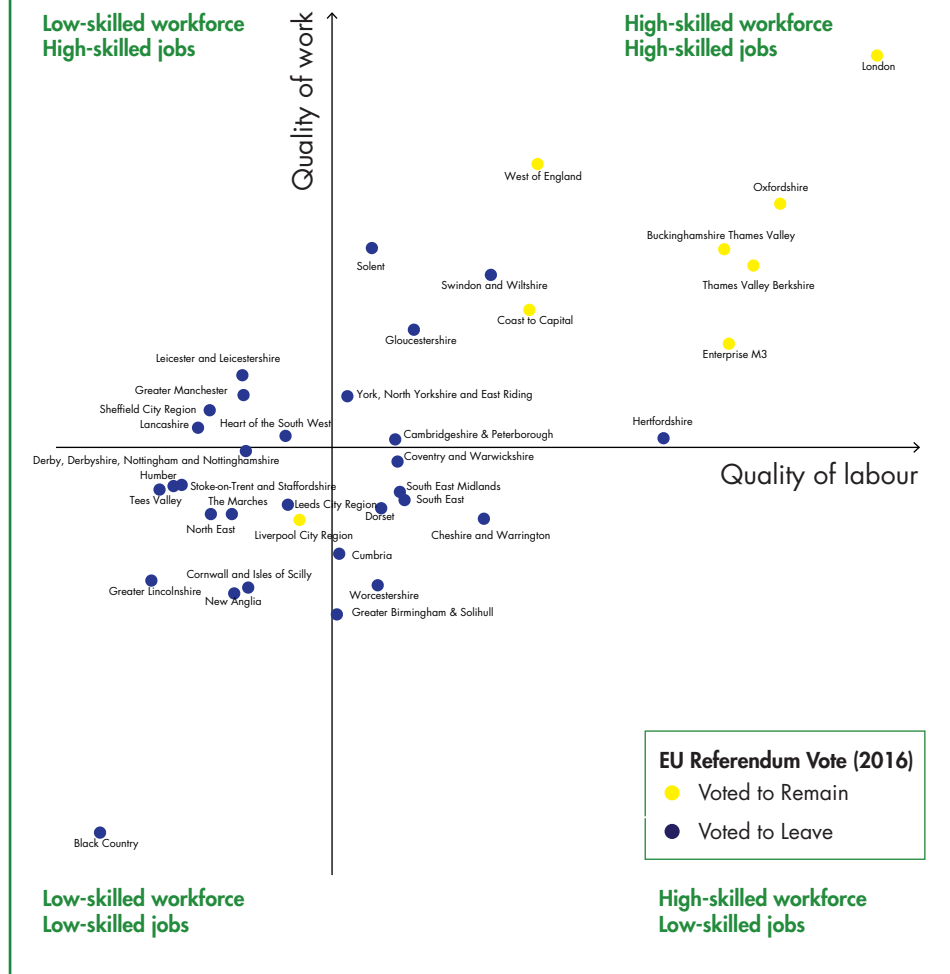
We have argued government should focus more on local industrial strategies. We have argued strategic authorities should play a more important role. And we have argued that while improving rates of productivity is important, it will not necessarily make the economy work better for working people, at least not in a way enough will recognise as being to their benefit. Each points to the need for an industrial strategy which is led by places and rooted in their challenges and opportunities. A national industrial strategy can address some longstanding structural issues, for instance an imbalance in the economy's reliance on certain sectors or between major geographic divides (north and south). However, the political imperative necessitating an industrial strategy is that people don't feel the economy rewards them for the effort they put in. A locally-led industrial strategy is much more likely to address this issue and achieve government's economic and political goals. Three reasons stand out:

Like recognising people experience the economy in fundamentally different ways, a large part of delivering a successful industrial strategy begins from acknowledging, and building policy around, how the economy looks different across the country. Figure iv shows this in terms of the balance between the skill level of a LEP area's workforce and its job profile.³⁴ A group of highly-performing places including and adjacent to London, all of which voted Remain in the EU Referendum, pull the rest of the country upwards. A majority of places, all but one of which voted Leave in the EU Referendum, are middling and characterised by relatively low-skilled people working in relatively low-skilled jobs. The chart illustrates how the challenges of reorienting local economies and workforces to be competitive in the economy today and in the future is quite different across the country: Places whose workforce is more skilled than their job profile need to focus on improving their quality of employment – a higher quality of work would be met by the existing labour market. Places whose job profile is more skilled than their workforce need to focus on their local labour market strategy – higher skill levels would be met by the existing jobs market.

3 Quality of work is assessed by median pay levels and occupational skill level across the LEP area. Quality of labour is assessed by the extent to which workers are trained and qualified, as well as how wide the labour market could be. For a full description and methodology of the skills equilibrium, see chapter two.

4 A lot of data analysis in this report is done by LEP geographies. This was done to align with government policy on agreeing local industrial strategies with mayoral-combined authorities and LEPs. However, often some local detail is masked. This is particularly the case where the LEP covers a large and diverse area, for instance South East LEP which covers Essex, Kent and East Sussex.

Figure iv: Workforce vs. jobs skills equilibrium



Source: 'High Skill Jobs' composite index made up of: % of employment in high-skilled occupations (SOC2010 groups 3-4) - Annual Population Survey, Median gross weekly pay - Annual Survey of Hours and Earnings. 'High Skill Workforce' composite index made up of: % of 16-64 population with post-secondary education (NVQ3+) - Annual Population Survey, % of 16-64 population with recent (last 13 weeks) job-related training - Annual Population Survey, % of population aged 16-64 - ONS Population Estimates

The delivery of a successful industrial strategy also begins from recognising the economy rewards people differently for their labour depending on where in the country they work. Figure v shows the value LEP areas contribute to the national economy and how that compares to the reward their local population gets in return.⁵ It shows their position in relation to the rest of the country and how this shifted between 2012 and 2017.

⁵ Reward is measured by median wage levels and reported levels of worthwhileness. Output is the rate of productivity. A full description and methodology of the chart is provided in chapter two.

Figure v: Change in rate of output vs. level of reward between 2012 and 2017 by LEP area



Source: 'Reward' is a composite index of the LEP's gross median weekly wage and the average 1-10 score from the 'worthwhile' indicator from the ONS headline indicators of personal wellbeing, weighted equally. 'Output' is the nominal (smoothed) GVA per hour worked - ONS subregional productivity data

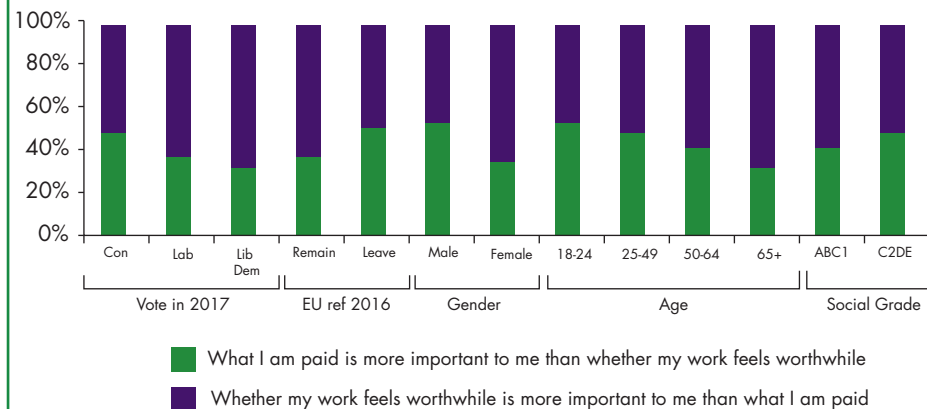
Again, the relationship between reward and output varies significantly across the country. A constellation of areas are high-reward and high-output – they also voted Remain in the EU Referendum – while some places really are being left behind by national growth. The type and magnitude of support each place needs from the industrial strategy differs quite significantly across the country.

Finally, achieving an effective industrial strategy also begins from better understanding individual experiences of the economy.

Crude measures of economic growth, such as GDP, are difficult to translate into what the ups and downs of the economy mean for an individual, their family and their community. It is clear from public polling conducted for this report that people are motivated by pay, but other things too. 57 percent of respondents who expressed an opinion said whether their work feels worthwhile is more important than their pay (though there are significant differences by age, gender and politics). 43 percent said their pay is more important than whether their work feels worthwhile. 59 percent of respondents who expressed an opinion said their job makes a meaningful contribution to the world. 69 percent of respondents who

expressed an opinion said their job is fulfilling. The point is not that GDP and wages are wholly poor metrics of the economic health, but that notions of reward and prosperity differ from person-to-person and place-to-place. The industrial strategy should reflect that.

Figure vi. Which of the following statements about work comes closest to your own view? (Excluding Don't Knows)



Source: YouGov/Localis survey results.

How places can lead the industrial strategy

The delivery of a successful industrial strategy and, more broadly, the Prime Minister's pledge to build a country and economy that works for everyone, relies on places taking it forward locally. If the industrial strategy only exists at a Whitehall level, the fundamental tensions of the economy which we highlight above – that the economy looks different across the country, it rewards places differently and individuals experience it differently – will go unaddressed and the drivers of political instability will further foment. Moreover, for the industrial strategy to address the long-term structural challenges of the English economy, it has to live beyond the term of a single government. Embedding them in the challenges and priorities of places, and their local business communities, would help to achieve this.

We have highlighted the need for government, with greater resource and attention, to place a stronger emphasis on local industrial strategies. One part of this is greater investment. And another is government departments, beyond the Department for Business, Energy and Industrial Strategy (BEIS) and the Ministry of Housing, Communities and Local Government (MHCLG), being more integrated into the process. Many aims of local industrial strategy align with departmental objectives, be that extending working lives and the Department of Health and Social Care, land use and Department for the Environment, Food and Rural Affairs, or the Department for International Trade and places navigating new global trading frameworks. Moreover, departments regularly complain of needing to go through MHCLG to overcome local inertia. Industrial strategies could be a missed opportunity without stronger engagement across Whitehall.

However the onus is on places too. Areas with mayoral-combined authorities are taking their local industrial strategy forward quickly. It is essential that the rest of England does too, or some of the very people and places the industrial strategy was originally introduced to support will be left behind. **To this end, where they have not already been tasked to do so, strategic authorities must look to help lead the delivery of the industrial strategy in their area. By working with the local LEP to agree a local industrial strategy with government. And by producing their**

own. Localis will soon be publishing work on delivering the industrial strategy in Essex and Kent.

Each local industrial strategy should:

Mark a departure from the Strategic Economic Plan (SEP) in ambit and evidence base. By virtue of the politics which drives them – the necessity to improve the economy and living standards across the country – local industrial strategies have a much wider remit than SEPs. While previous strategies from all tiers of government have often ignored whole swathes of the economy, population and country – tending to focus on high-wage, high-productivity sectors – local industrial strategies must begin to address the fundamental, day-to-day issues that entrench low wages, low skills and low rates of productivity. A large part of this will be achieved by local industrial strategies being grounded in a granular understanding of the local economy: the areas of genuine comparative advantage, the issues holding them back; and an honesty about the places where nothing but the economic equivalent of open heart surgery will suffice. In this regard, data collection and business engagement are vital to the development of the local industrial strategy.

Achieve a more productive relationship with government. Industrial strategy has subsumed the devolution agenda. Because the capacity of Number 10 and HM Treasury to negotiate deals around set-piece political events – e.g. the Budget and Autumn Statement – is significantly reduced, it is now the prism through which shared agendas can be identified and ultimately achieved. This, in time, should open up access to funding flexibilities and devolved powers to places which failed to agree devolution deals.

Aim to use the local public sector's existing legal and legislative capacity more fully. Devolved powers and funding flexibilities are an important route to places being able to design and deliver interventions that support their local economy and improve living standards. However the truth is that, in places across the country, there remains significant headroom in the use of powers and freedoms to drive local prosperity. Policy capacity in economic, social and growth issues is often overlooked and under-leveraged. Local industrial strategies should be a catalyst for places to use their legislative means more fully. It is largely in the hands of places to do this. However, government can enable places to lead by putting greater emphasis on the role of strategic authorities to promote economic development. It can do this by providing strategic authority members and officers with greater confidence by introducing a General Power of Economic Competence.

Develop a local labour market strategy that provides lifelong support for people to be economically active and appropriately skilled. Driven by the analysis and advice of newly-formed Skills Advisory Panels (SAPs), and working with local businesses and skills providers to implement government's strategies for careers guidance and post-16 skills, strategies should shape pathways of education – for the young and old – to equip people with the skills a local economy demands today and in the future. They should support inactive or likely-to-exit groups into, or to remain in, the local labour market. And they should have a more active presence in matching labour to jobs where the market fails to. As part of this, every worker should expect local industrial strategies to have foresight of and considered actions to mitigate technical and political changes in the economy and labour market, for instance the impacts of automation or Brexit.

Develop a good jobs strategy that stimulates demand for jobs that are more secure and better-paid. Part of this should include measures to encourage businesses to take more risks on initiatives that generate *more*

and *better* work – e.g. providing certainty on issues such as commercial land provision, tax breaks, seed funding to fledgling businesses and a reorientation of public sector spend, where possible, towards local companies. It should also include strengthening the contract between place, employer and worker. This should mean introducing measures that nudge local businesses, where they don't already, to pay and invest in their workers more – e.g. a local employment charter determining advisory, non-statutory standards on 'good work'.

Develop a commercial commons strategy that aims to make places more attractive to people and investment. If local industrial strategies are to improve the prospects of failing places, a focus on addressing their physical and perceptual constraints to growth must be an important fixture. This includes the connectivity, beauty and safety of town and city centres, and also the regulation that enhances or detracts from those qualities.

1. Introduction

The first local industrial strategies agreed with government will be published by March 2019. In the same month, the United Kingdom will exit the European Union (EU). This is appropriate given the forces which drove the Brexit vote – a general dissatisfaction with the country’s political and economic model – are the same that necessitate an industrial strategy which encourages the economy to work more in the interests of working people and the places where they live. At the outset of her premiership Theresa May called for an economy that worked for everyone. This ambition is one few would disagree with, but with Brexit dominating Westminster there is a danger the signature domestic economic programme of the current government, the *modern industrial strategy*, is underpowered and misaligned. If the government wishes to make a success of Brexit, a well-conceived and implemented industrial strategy is central.

The national industrial strategy and local industrial strategies will be essential as places navigate not just new trading and regulatory frameworks as a result of Brexit, but a changing economy too. Demographic, technological, social and political evolution all shape the economy and the ways in which we plan for the future and measure success. This report is written to help places do that. It aims to expand the bounds of what a local industrial strategy can be in order to address a number of the country’s long-standing structural economic challenges. It outlines what places’ strategies should hope to achieve. And it considers the challenges in their development.

1.1 The genesis of local industrial strategies

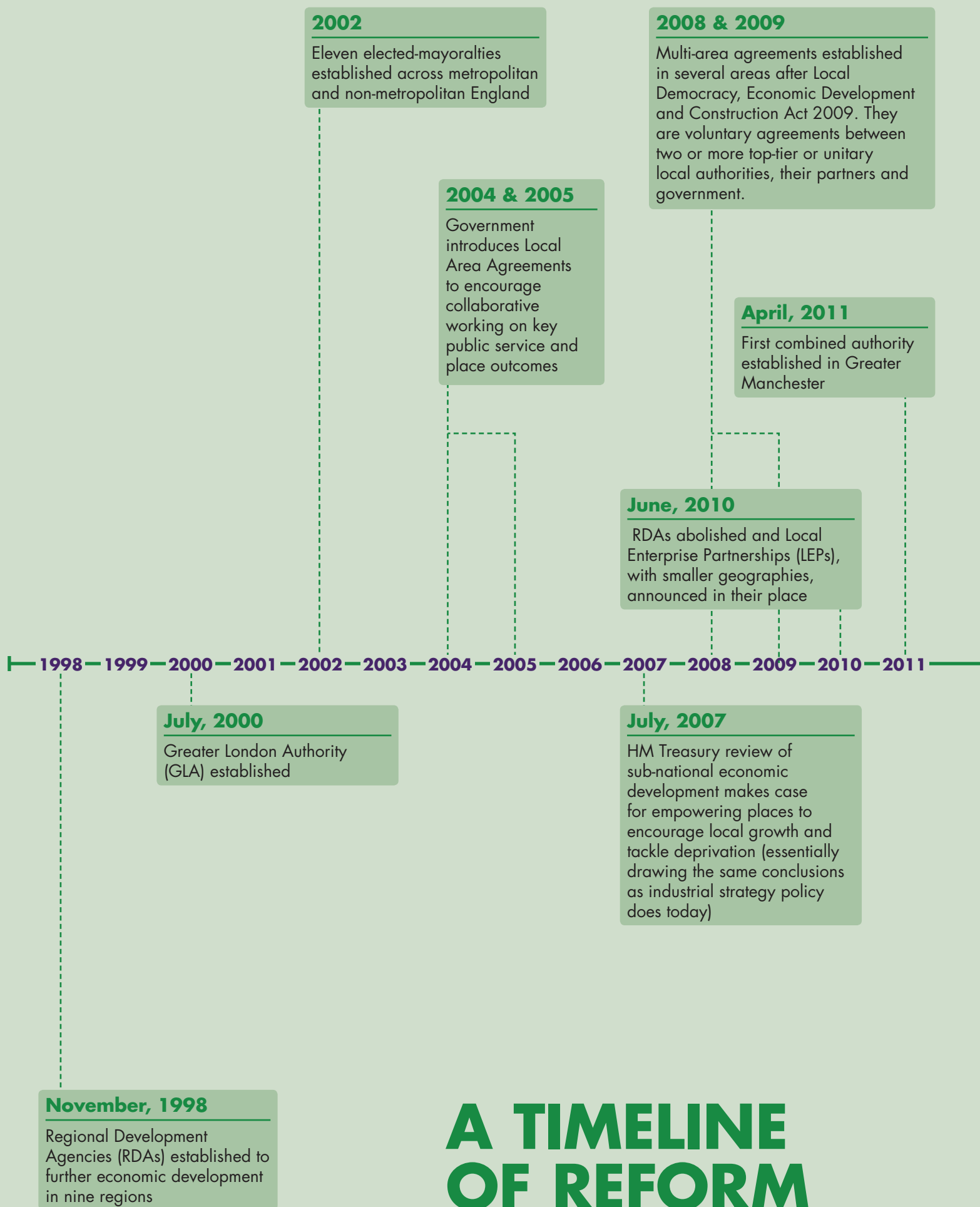
Local industrial strategies will connect and integrate growth policies at a local level, identifying places’ economic strengths, weaknesses and opportunities, as well as how and where each can be addressed or built upon. In short local industrial strategies will be required to tackle many of the issues a national strategy does not or cannot.

The concept of ‘industrial strategy’ is not new for central government – it has always delivered an industrial strategy even if it hasn’t been called as such⁶ – nor are strategies for supporting local economies. Local industrial strategies were confirmed in government’s industrial strategy white paper but, as illustrated by the timeline over the page, they are just the latest move in a two decades’ shift in responsibility for economic stewardship toward local places.⁷

At different speeds and in different directions, successive governments have provided local areas increasing numbers of tools to shape and support their economy and people. And though places are at different stages in the process – some, typically city-regions, have more components of a local industrial strategy in place than others – none begin from a standing start.

⁶ As policymaker and purchaser, the state’s role in the economy is significant. Through support programmes, such as research and development grants, and direct interventions, such as bank nationalisations, governments have always played a role in catalysing innovation, supporting growth and economic stability.

⁷ Often strategies will not follow administrative boundaries, be led by the public sector, or be confirmed by one document.



March 2014

Growth deals announced for all LEPs covering funding from 2016 to 2021. Further funding announced in January 2015 (£1bn), the 2016 Budget (£1.8bn) and the 2016 Autumn Statement (£1.8bn).

April, 2014

Second wave of combined authorities established (Liverpool City Region, North East, Sheffield City Region, West Yorkshire)

July, 2014

Second wave of 'city deals' announced covering eighteen places

November, 2014

First 'devolution deal' for Greater Manchester announced. It transfers statutory responsibilities over policy areas including transport, housing and skills from central government. Several further transfers of power announced to the city region in next few years, including health and justice responsibilities.

June, 2013

Spending Review asks LEPs to develop Strategic Economic Plans (SEPs). SEPs become the basis of 'growth deal' negotiations, with funding awarded from new Single Local Growth Fund.

April and June 2016

Third wave of combined authorities established (West Midlands and Tees Valley)

October 2016

The Prime Minister's party conference speech signals a pivot towards focusing on a "revival of all of our great regional cities"

2012 — 2013 — 2014 — 2015 — 2016 — 2017 — 2018 — 2019

July, 2012

First wave of 'city deals' announced for the eight largest cities outside of London. They provide local authorities greater flexibility in funding arrangements and powers.

2015 & 2016

Devolution deals announced for eleven more areas in addition to Greater Manchester, with varying degrees of statutory and non-statutory responsibilities. Three areas reject their deals and a number aren't brought forward.

March 2019

First local industrial strategies to be published as the country leaves the EU

February 2017

'Driving growth across the whole country' chosen in government green paper as one of ten pillars to drive its industrial strategy forward

February and March 2017

Fourth wave of combined authorities established (West of England and Cambridgeshire and Peterborough)

May 2017

Mayors elected in six (*mayoral*)-combined authority areas (Greater Manchester, West Midlands, Liverpool City Region, Tees Valley, West of England and Cambridgeshire and Peterborough)
Conservative Party manifesto pledges to support the adoption of elected mayors but not in rural counties

October 2017

Government introduces *Review of Local Enterprise Partnership governance and transparency*

November 2017

Place is determined as one of five *foundations of productivity* in the industrial strategy white paper. Government commits to "work in partnership with places to develop Local Industrial Strategies, which will be developed locally and agreed with the government".
Communities Secretary, Sajid Javid, confirms government in early stages of designing a 'devolution framework'

1.2 At what spatial level will local industrial strategies operate?

The industrial strategy white paper writes that local industrial strategies will be developed in partnership with government and led by mayoral-combined authorities (MCAs) and local enterprise partnerships (LEPs). While we disagree with the approach government has taken for areas without a mayor – in our report last year, *The Making of an Industrial Strategy*, we argued for local industrial strategies led by strategic authorities (i.e. mayoral-combined authorities and county councils) – we recognise the importance of places working with the grain of policy and encourage them to do so.

Policy interventions that make up a local industrial strategy will operate at different spatial levels and with different partners. Moreover, each partner – be that a government department, a county council, the LEP, district council or another anchor institution – brings different value and power to the local industrial strategy. This necessitates a collaborative and multi-level approach.

Nonetheless, questions of geography and ownership hang over local industrial strategy. This is the case in a number of places across the country and, as we detail in the rest of the report, it is holding back their progress in developing and delivering their local industrial strategy.

The overarching challenge is marrying responsibility for strategic economic planning with democratic accountability. MCAs operate at a strategic scale with an elected mayor providing democratic accountability. They are strategic authorities. LEPs also operate at a strategic scale, but without democratic accountability. For places without a mayor, the role of the strategic authority – more often than not the county council – is therefore essential to the successful development and delivery of the local industrial strategy. The rest of the report is written within this framework, stressing the importance of all tiers of government working in unison and, in non-mayoral areas, the LEP and strategic authority working in partnership to ascertain and achieve the aims of their local industrial strategy. To be clear, this means supporting the LEP to agree a local industrial strategy for the area with government. And it means the strategic authority using the industrial strategy as a catalyst for bringing forward its own set of interventions that deliver the industrial strategy locally.

1.3 How are local industrial strategies different?

A local industrial strategy should aim to influence decisions made by people and businesses to improve the prospects of a place. It should respond to locally-specific market failures and emerging growth opportunities via a suite of policy and investment programmes to raise an area's productivity and growth. Ultimately, the primary aim of all local industrial strategies must be the raising of local incomes and living standards. As stated in government's national strategy, "The real test of a successful strategy is the consequences it has for the lives of our fellow citizens. That must mean more good jobs and better pay."

To that end, like the national industrial strategy has to define itself against previous industrial strategies – be it strategies from the 1970s associated with 'picking winners', or government's strategy in the years before the Brexit vote which paid too little attention to whole swathes of the economy and country⁸ – local industrial strategies have to define themselves by their differences to previous economic development strategies shown in the timeline, namely Strategic Economics Plans (SEPs).

Five key points explain the difference between a *local industrial strategy* and what has come before it:

8 Nesta (2016) - *Getting it right this time: four ideas for a better industrial strategy*

1. Local industrial strategies have a wider remit

European Union, central government and even regional strategies have tended to focus on high-wage and high productivity sectors – local industrial strategies must focus on the foundational economy too. As recent research from IPPR has found, this is where there is most potential for gains in wages and productivity.⁹ Local industrial strategies need to address the issues that hold back what Andy Haldane, chief economist at the Bank of England, has called the ‘long-tail’ of productivity: the third of UK companies whose productivity has stagnated this century. This does not mean propping up local industries which the rest of the economy is unlikely to be able to support in the future – for instance those, like retail and administration, which are at highest risk of automation – but places beginning to address the fundamental, day-to-day issues that entrench low wages, low skills and low rates of productivity.

A large part of a more inclusive industrial strategy is accepting that success will not always be defined by higher rates of GDP. In some cases civic renewal may be the most important yardstick. In others it may be a work-life balance better weighted toward the latter. A place simply being known for something might be the key aim. The point is less tangible factors – beyond productivity and GDP – can be industrial strategy achievements too. Local industrial strategies should be constructed accordingly. This means including ‘traditional’ areas of industrial strategy – skills, investment, transport – but also themes less associated, but no less important, such as perception, posterity and lifestyle.

Commercial interests, therefore, should be one of several factors of local industrial strategies (as opposed to the sole factor). As research from KPMG has shown, a number of places around the world have successfully revitalised themselves by focusing on the place and its individuals first – for instance via physical renewal and quality of life – from which commercial success has followed.¹⁰ In short, local industrial strategies can be a catalyst to achieving ‘inclusive growth’.

2. Strategies must be rooted in evidence of places’ strengths and weaknesses

Local industrial strategy will mean different things to different places. For places defined by their industrial past, the priority will be reinventing their economies to thrive in today’s economy. For successful places, their priorities will be managing and mitigating the costs of growth alongside improving living standards. The achievement of both is predicated on local industrial strategies being grounded in a granular understanding of a local area and its economy, using data analysis and engagement with businesses and workers to better understand: the areas of genuine comparative advantage, the issues holding them back; and an honesty about the places where only the economic equivalent of open heart surgery will suffice. As government’s white paper makes clear, a strong evidence basis is a necessity. Otherwise the strategy will not be agreed.

Government’s emphasis on intelligence-led strategy is a key difference to Strategic Economic Plans (SEPs). A frequent criticism of SEPs is their homogeneity – take for instance, most LEP areas citing their ‘specialism’ in advanced manufacturing.¹¹ Similarly, many RDAs focused on becoming centres of nano-technology. Because they formed the basis for local growth deal negotiations, SEPs often resembled bidding documents without truly reflecting their area’s strengths and weaknesses. One Downing Street interviewee said how bids for infrastructure funding are often so poorly-written and poorly-evidenced to the point where they would be ignored by officials at HM Treasury and other decision-makers.

⁹ IPPR (2016) - Boosting Britain’s low-wage sectors: A strategy for productivity, innovation and growth

¹⁰ KPMG (2015) - Magnet Cities

¹¹ Centre for Cities (2015) - A century of cities: urban economic change since 1911

3. A more productive central-local relationship

Local industrial strategies will be developed in partnership, and ultimately agreed, with government. Alongside their own, places will be expected to deliver government's industrial strategy priorities and for the strategy to have joint objectives. This marks a change from government's approach to SEPs – and Science and Innovation Audits too – which a number of interviewees described as “like having your homework marked”. Government's collaborative approach to local industrial strategies is indicative of two things.

Firstly, industrial strategy has subsumed the devolution agenda. The capacity of Number 10 and HM Treasury to negotiate deals around set-piece political events – e.g. the Budget and Autumn Statement – as characterised by the Coalition era and 2015-16 Cameron administration, is significantly reduced. The industrial strategy is now an important prism through which shared agendas can be identified and ultimately achieved. As part of local industrial strategies, places should look to compile detailed cases for how and why government can support places to deliver national and local agendas.

Secondly, local industrial strategies are a chance for a more constructive relationship with all government departments. In recent years, LEPs and councils have typically struggled to engage with Whitehall beyond the Ministry of Housing, Communities and Local Government (MHCLG) and the Department for Business, Energy and Industrial Strategy (BEIS). With new funding streams – some of which are, unusually, place-based – and four ‘Grand Challenges’ for the country to achieve together, local industrial strategies should be seen as a channel to developing stronger engagement and buy-in across Whitehall. The reality is a number of themes that local industrial strategies should cover also align with departmental objectives: Extending working lives can reduce need for care which matters to the Department of Health and Social Care (DHSC). A more productive use of land matters to the Department for the Environment, Food and Rural Affairs (Defra). New models of infrastructure financing should interest the Department for Transport. The Department for International Trade can support places to navigate and thrive in new global trading frameworks. Regulation of the economy and tax receipts impact HM Treasury. The point is local industrial strategies should be an attractive policy area for government departments too.

A more productive relationship is a key goal of many local industrial strategy areas, however a number of stakeholders have raised concerns that there is not enough capacity in central government to facilitate it. We agree. At the time of writing, government is working with three places – Greater Manchester, the West Midlands and the Oxford-Cambridge corridor – to agree local industrial strategies which, to a large extent, are also three of the ‘easiest’ places to work with given their existing strategic functions. If government can agree only three local industrial strategies every eighteen months, this leaves a significant number of places likely to face a ‘no deal’ scenario with their local industrial strategy.

There is much a place can do on its own without government support or agreement to achieve local industrial strategy aims. And the local industrial strategy is one of several conduits by which places can engage with government. However, given the potential of local industrial strategies, this seems a missed opportunity for a government which has pledged to make the economy work for every person and place: As one of the major planks of government's national strategy, central planning within government should take note of this capacity gap. As a short term priority, it seems essential that government directs more resources towards agreeing places' post-Brexit local industrial strategies.

4. An explicit focus on *stuck* and *stifled* places

In our report *The Making of an Industrial Strategy* we call for a specific industrial strategy focus on places that are *stuck* and *stifled*. We define a *stuck* place as one of the thirty most structurally challenged local economies in England. *Stuck*

places, typically small towns and rural places cut adrift of big cities, perform poorly on multiple indicators: both long-term demographic trends and more immediate short-term economic performance. A *stifled* place is defined as an 'urban island in a rural sea' that is fast growing, with associated growing pains, but often stymied by its administrative boundaries. *Stifled* places need the power to grow.

Local industrial strategy areas should ask how they can best support local places and people. This differs from SEPs which tend to focus on specific industries and even specific businesses. By focusing on what a local industrial strategy can do for a place, policy can begin to both address the fundamental issues that hold it back; and to ask what its economy and labour force should look like in future years. (This means decisions are genuinely strategic: supporting a place to take one clear path.)

5. All local institutions involved using all policy levers available

All institutions with a prominent role in local economies should be involved in the production and delivery of local industrial strategies. Precisely which institutions will vary from place to place, yet wider engagement is a key challenge for areas with little to no history of collaboration across the public sector and with private businesses. In practice this should mean universities and worker voices invited onto strategic authority advisory boards and LEP boards. It means the establishment of business advisory boards to ascertain the key issues holding them back (including outreach programmes to smaller, less accessible businesses, who often form places' long tails of low productivity). And it means regular collaboration with neighbouring strategic authorities and LEPs.

Wider and more powerful local economic strategies also necessitate strategic authorities to make use of their existing legal and legislative freedoms. Across the country, there remains significant headroom in the use of powers and freedoms to drive local prosperity. Policy capacity in economic, social and growth issues is often overlooked and under-leveraged. In this report we identify where places already have the authority to deliver industrial strategy interventions; and where new freedoms are required. This is also an important point of collaboration between LEPs and their constituent councils. Simply put, councils have freedoms to do things LEPs don't and these should be utilised in support of a local economy.

1.4 Report structure and research methodology

After this introduction, the report is split into three sections. Firstly, we outline the starting points of a local industrial strategy; namely intelligence, limits and means to higher living standards. Secondly, three components of local industrial strategy with potential interventions are put forward. Interventions are considered through the lens, and recommended, against real places. Thirdly, the practicalities and challenges of constructing and delivering a local industrial strategy are detailed. At the end of the report we include a list of recommendations, sorted between central and local government, alongside a data dashboard showing how each area is performing against the strategic indicators and others used in the report.

The research has been informed by extensive engagement with civil servants, those writing local industrial strategies; and, local authorities and businesses from Essex and Kent. Alongside this, the research has been supported by interviews with civic leaders and officers, an extensive literature review, data analysis and roundtable discussions with business boards.

The report includes a significant amount of data research and analysis at various geographies. Where it has been done by LEP geographies, we have used boundaries as defined by NOMIS (as of April 2017). It should be noted that because some local authorities fall in multiple LEPs, the figures are not additive. It should also be noted LEP boundaries are likely to change

after government's review is published this year. All data sets used to inform research are publicly available with open access. We have included extensive methodology explanations, extra information in the appendix; and, will publish relevant data sets on our website.

Our research did not focus on endogenous factors such as management practices and the adoption of digital skills. While important issues, we felt local industrial strategies can have most impact focusing on exogenous fundamentals.

North America does it better

Throughout the report, a large number of case studies focus on places in the United States of America and Canada. This is not derived from a bias toward North America, it is merely a reflection of the higher level of powers, freedoms and responsibility their municipal governments have in terms of economic stewardship of their place. Much more research is done on local economic strategies in North American cities, for example Harvard Business School's state and region competitiveness framework.¹²

Further, a recurring theme throughout the research was the scale of ambition of some North American cities in their economic strategies – take, for instance, the Mayor of Pittsburgh's aim to end hunger and homelessness in his first term.¹³ In time, English local industrial strategies should aim as high.

¹² Harvard Business School (2018) - Competitiveness of States & Regions

¹³ The Tribune-Review (2018) - Peduto lays out vision for Pittsburgh's future in inauguration speech

2. Starting points of local industrial strategy

The starting point of a local industrial strategy is its break with the national strategy. We begin this chapter by identifying the two points at which local industrial strategies separate from national strategy. First, interventions based on local priorities informed by a strong evidence base and engagement with the local business community. Second, an honesty in what that evidence says and what the state and its partners can do about it.

Finally, when published, the national industrial strategy was pitched as the route by which the UK's lagging productivity would be addressed. As we write at the end of this chapter, improving rates of productivity, while a hugely important factor to address, has not always been a passport to higher local living standards. To that end we put forward four additional strategic indicators that a local industrial strategy can address. Alongside productivity, interventions put forward in this report are constructed to address one or more of these indicators:

- Workforce-jobs skills equilibrium
- Work-life balance
- Unemployment rate
- Child poverty

2.1 Know your place

A local industrial strategy must be grounded in a granular understanding of places and their economies. This is a necessity for delivering effective policy and interventions: a local industrial strategy is a series of choices regarding investment and policy in places and industries, each choice must be justified ahead of another. A vision of where a place and its economy can progress, and how it can reorient itself, requires an understanding of how it performs now. And it is a necessity for government — whose white paper underlines the importance of constructing the national industrial strategy, and local industrial strategies, on strong evidence bases.

Almost all parts of a local industrial strategy should flow from a baseline of intelligence which should identify:

- Economic assets and areas of competitive advantage (both domestically and internationally)
- Fast-growing places and industries (and an understanding of how each can connect to government's sector deals and Grand Challenges)
- Places and industries of current and likely future weakness (particularly in the context of expected changes to the economy, e.g. automation)
- Cross-cutting sectors

- Local labour market profile (and how the workforce is equipped in its core competencies to support current and future sectors)
- Key partners and institutions
- Barriers to growth
- Non-traditional parts of the economy and labour market (e.g. self-employed)
- Sectors and demographics under-represented by traditional data classifications

Central government, strategic authorities, combined authorities and LEPs often collect and use this kind of information in economic strategies. However, action is needed on three fronts.

Firstly, more extensive surveying of the business community.

Strategic and local authorities tend to have close working relationships with businesses in their area. Further, at least half of LEP boards must be private sector members. This provides a solid foundation for the local business community to support the development of the local industrial strategy. Building on existing links, strategic authorities and LEPs should look to collect a wider selection of views as possible through more extensive surveying of the business community on industrial strategy issues: What is preventing them from hiring more people? What would enable higher wages to be paid? For instance the London Business Survey – designed in coordination with the ONS by the London Enterprise Panel and GLA – measures business sentiment and perceptions of how London rates as a business location. A local industrial strategy should aim to influence business decision making. It cannot do that if it doesn't know what and how they think.

Secondly, central government and local industrial strategy writing-authorities will need to spearhead new ways of measuring national and local economies. As NESTA has detailed, traditional data collection methods do not always answer questions posed by the modern economy.¹⁴ For instance, emerging sectors do not always fit easily within the Standard Industrial, and Occupational, Classification (SIC and SOC) codes which are revised every ten years. This hampers the making and evaluation of policy. This challenge is increasingly accepted by strategic authorities too: Kent County Council's emerging Enterprise and Productivity Strategy notes the need for measuring economic activity and living standards based on the evolution of both.¹⁵

Thirdly, more sharing of data on business transactions with places and policy initiatives designed to support local economies. For instance VAT receipts and their flow through the local economy. Another example would be the limited local information available on key policies such as the Apprenticeship Levy. We have interviewed local areas who have little information on the uptake of or value generated by the levy in their areas.

¹⁴ Nesta (2016) - Innovation Analytics

¹⁵ Kent County Council (2017) - An Enterprise and Productivity Strategy for Kent

Research-informed strategy in USA

In its economic development strategy, the state of Connecticut sets its strategic targets on three key guiding questions. These strategic targets are based on three key guiding questions:

1. In which areas do we have current size, depth and leadership positions?
2. In which parts of the economy are we likely to see the fastest rates of national and global growth?
3. In which high-growth areas do we have the talent and ingenuity to compete?

In South Carolina, its 2005 economic development strategy, designed by Professor Michael Porter at Harvard University, is rooted in intelligence on the state's economic performance, composition, business environment; and, the factors that influence its relatively low wages. As such, the strategy is structured around targeted support for the most important sectoral clusters in the state. Short, mid and long-term goals are set within the strategy, recognising different timeframes are required for different strategies.

2.2 Know what is possible

Along with the collection of more and higher-quality data intelligence, for a number of places **a greater degree of candour in what data is collected is necessary too**. Government and businesses are often left frustrated by the veracity of local economic strategies such as SEPs¹⁶ – take, for instance, most LEP areas citing their 'specialism' in advanced manufacturing and their future as the centre of 5G technologies in England.¹⁷ If a place's most important industry is within the foundational economy, most value is likely to be derived from focusing on improving that industry's business and worker conditions – research has shown this is where there is most potential for gains in wages and productivity¹⁸ – as opposed to trying to develop a high-tech industry with a limited local base.

Further to this point, policymakers should be more decisive in responding to the data collected. To prioritise one industry or economic corridor means de-prioritising another. As the Brookings Institute has found, economic development strategies tend to be characterised by too many specialisations which are often too broadly-defined.¹⁹ In the hope of pleasing everyone, difficult decisions are avoided – i.e. those that answer what strategies won't do – which results in a focus on everything and decisions made about nothing.

Finally, a degree of honesty is needed in what the local state can and cannot do. For instance lessons from across the world suggest that, while the state can put in place the foundations for them to grow, clusters of industries are organic and not created by a policy. Equally, as we argue throughout this report, a great deal of legal capacity goes unused by the local state, for example Local Development Corporations. Similarly, an honesty in what is worth doing – or, more accurately, giving away – is required in devising a local industrial strategy. For example, in North America, Amazon's search for a second

¹⁶ Although the way they are set up – as bidding documents – encourages places to be overly positive about their areas.

¹⁷ Centre for Cities (2015) - A century of cities: urban economic change since 1911

¹⁸ IPPR (2016) - Boosting Britain's low-wage sectors: A strategy for productivity, innovation and growth

¹⁹ Brookings Institute (2017) - Making economic development strategies more strategic

headquarters has resulted in an unifying race to the bottom, with what Richard Florida describes as “a big, well-capitalised company taking advantage of cities and their taxpayers.”²⁰

2.3 Means to higher living standards

Informed by local economic intelligence and the possibilities of what the local state can and cannot do, places should identify their priorities of local industrial strategy early on. Every place should identify what a successful strategy would achieve for their area.

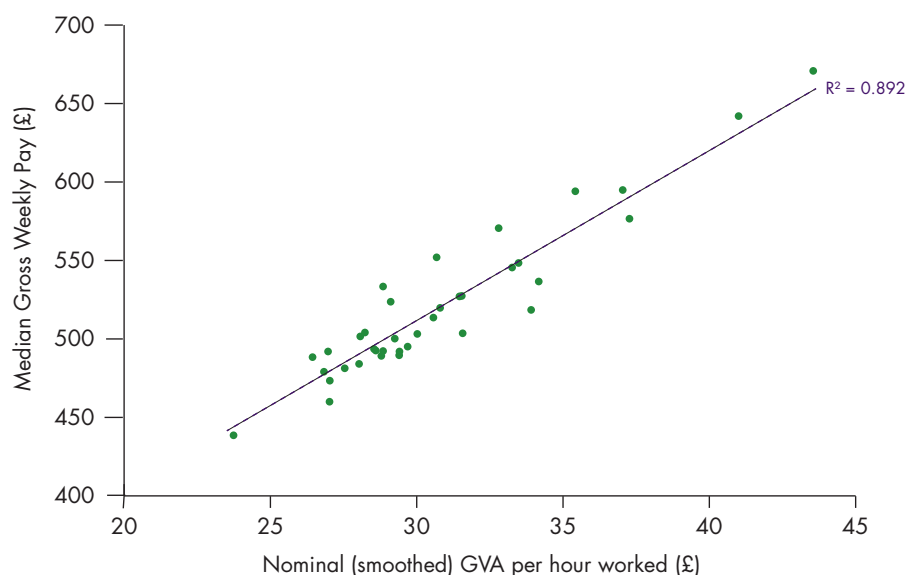
As government writes in its white paper, the signifier of a successful strategy, national or local, will be “the consequences it has for the lives of our fellow citizens... more good jobs and better pay”. By addressing its ‘five foundations’, improving rates of productivity is the primary means by which government sees this achieved. The Secretary of State writes how, “By improving productivity while keeping employment high, we can earn more – raising living standards, providing funds to support our public services and improving the quality of life for all our citizens.”²¹

The map across the page shows how rates of productivity vary quite significantly across the country, ranging from £23.74 per hour worked in Cornwall and Isles of Scilly to £43.55 in London. England’s most productive region spans London and the M4 corridor. Its least productive areas span the Midlands.

Productivity is important, but has not been a universal passport to higher wages

Considerable regional variation in rates of productivity makes improving it in places where it is lowest an important aim of industrial strategy. The chart below shows there is a strong correlation between a LEP area’s rate of productivity and median weekly wage.

Figure 1: Productivity vs. wages by LEP area (2016)



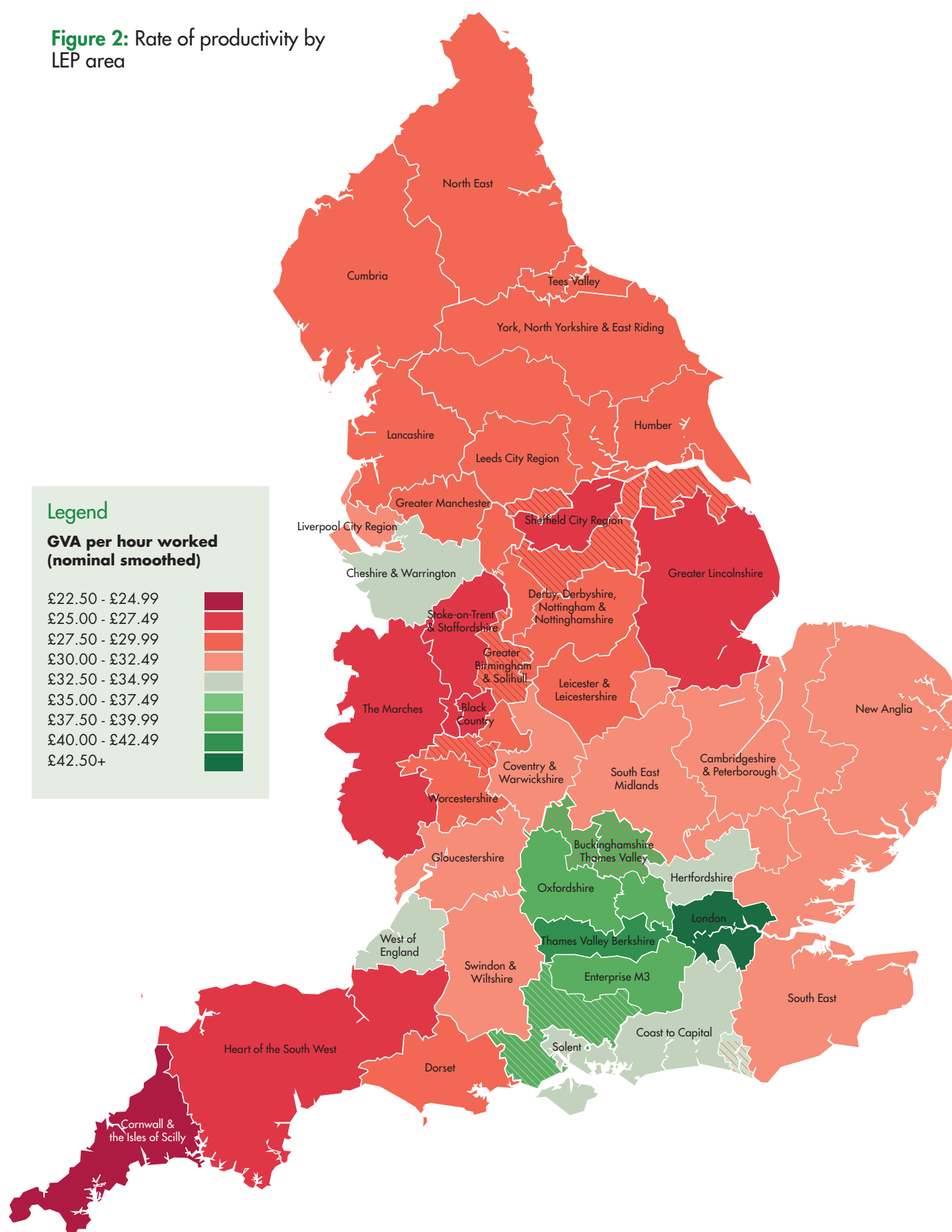
Source: ONS Subregional Productivity Data, Annual Survey of Hours and Earnings. * Wage for Greater Cambridge & Greater Peterborough averaged from constituent local authorities

Yet the theory that higher rates of productivity will be a passport to higher wages for all should be treated with caution. As figure three shows, in recent

²⁰ Financial Times (2017) - The downside of the race to be Amazon’s second home

²¹ White Paper foreword

Figure 2: Rate of productivity by LEP area



Because some local authorities are in more than one LEP, some LEP boundaries overlap. Where they overlap, their colouring is striped.

years, higher rates of output have not always translated to higher wages.²² Even in places where output has increased rapidly, for some median wages have decreased.

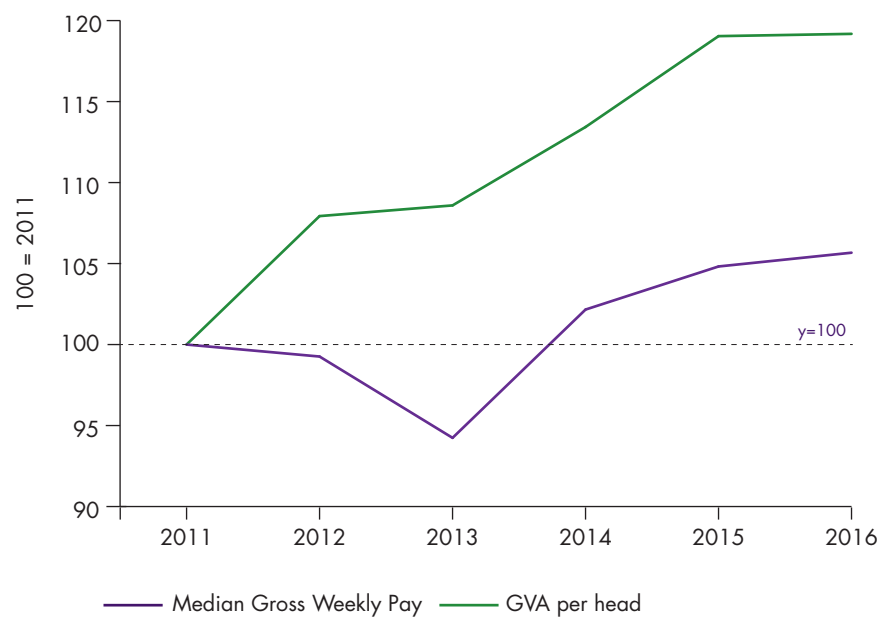
Figure 3: Change in productivity vs. change in wages by local authority area between 2011 and 2016



Source: ONS Subregional Productivity Data, Annual Survey of Hours and Earnings/Nomis UK.
*Wage data not available for West Somerset and the Isles of Scilly

This trend is evident when considering a place like Dartford. Output per head increased by close to thirty percentage points between 2010 and 2015. In the same period the median wage increased by less than three percentage points.

Figure 4: Change in productivity vs. change in wages in Dartford between 2011 and 2016



Source: ONS Subregional Productivity Data, Annual Survey of Hours and Earnings/Nomis UK

²² GVA per hour worked is not available at local authority level so we use GVA per head.

So what?

Our argument is not that places should ignore their rate of productivity. Every part of the country should aim to be more productive, the opposite would be ridiculous. The argument we posit, which we believe is of fundamental importance to the industrial strategy and politics more widely, is that the evidence shows higher rates of output in an area won't necessarily translate to higher reward for local people. Politically this is both undesirable and unsustainable. Productivity is one of a handful of factors that influences what people are paid. A wide range of literature shows wages are best predicted by an industry's profit levels and that variables such as bargaining profile are important too.²³

There is a danger of places seeing the growth of productive industries as an end in itself. Recent research by the LSE found differentials in productivity between regions are primarily driven by differences by firms *within* sectors, as opposed to being driven by different sectoral mixes.²⁴ Two of the most productive industries in the UK are real estate and mining – yet more estate agents would please no-one and reopening mines a step into the past.²⁵

Fundamental questions of political economy – namely, returns to capital vs labour – seem to have been ignored in the assumption that higher productivity is a passport to higher wages. They are political imperatives fighting against each other and places need to consider how they balance the need for a higher rate of output with the need to reward workers.

Output vs reward across England

So, how are workers rewarded for the productivity of their labour and how does that differ across England? Figure 5 shows the value places are contributing to the national economy and how that compares to the reward their local population gets in return. It shows their position in relation to the rest of the country and how this shifted between 2012 and 2017. The chart is relative, showing distribution around the median, and it is important to note that the median value has also shifted in these years.

Output-reward between 2012 and 2017

The chart shows the distribution of output across England's LEP areas compared to the reward those places receive.

- **Output is measured by an area's productivity.** Using the ONS sub-regional productivity dataset, GVA per hour worked for the LEP area is used.
- **Reward is measured by an area's wage level and sense of worthwhile.** Median wage across the LEP area, using the Annual Survey of Hours and Earnings via Nomis, is used. Worthwhile data was taken at local authority level from the ONS Headline Indicators of Personal Wellbeing dataset. To approximate the average worthwhile score for LEPs, the average across all their constituent local authority districts within the LEP is used. The data was standardised using the inter-decile range method, combining wages and worthwhile into a composite reward index, weighted equally.

We felt it important to include 'worthwhile' as part of the reward variable to move away from wages as a catch-all measure of a person's job satisfaction (something borne out by the research's polling results). It adds

23 International Labour Office (2015) - How tight is the link between wages and productivity

24 LSE (2017) - Industry in Britain – An Atlas

25 The latest ONS figures for Labour Productivity by Industry Division show the five most productive industries to be Real Estate Activities (£293 per hour), Extraction Of Crude Petroleum And Natural Gas (£287 per hour), Water Transport (£231 per hour), Mining and Quarrying (£203 per hour) and Other Services (£150 per hour).

an element of people telling us directly whether the economy is working, or not, for them.²⁶

Figure 5: Change in rate of output vs. level of reward between 2012 and 2017 by LEP area



Source: 'Reward' is a composite index of the LEP's gross median weekly wage and the average 1-10 score from the 'worthwhile' indicator from the ONS headline indicators of personal wellbeing, weighted equally. 'Output' is the nominal (smoothed) GVA per hour worked - ONS subregional productivity data

We draw three main conclusions from the chart. Firstly, a large number of places cluster around the median, however there is also a constellation of places where output and reward is significantly higher and two places – the Black Country and Cornwall – where output and reward are significantly lower. Secondly the chart shows that, between 2012 and 2017, the positions of places performing worst and the places performing best have stratified. This is particularly pronounced for the Black Country and Cornwall. Even places starting from stronger positions, for instance Cheshire and Warrington, have moved backwards closer to the median. This shows how even places with economic strength face a number of challenges in their local industrial strategies. Thirdly,

²⁶ The wellbeing measures ask how people perceive their life and, specifically to the worthwhile indicator, asks: 'to what extent do you feel that the things you do in your life are worthwhile?' The new measures respond to the need for a better way to capture the way people experience the economy. As Jonathan Athow, Deputy National Statistician for the ONS, has recently written; "GDP is an important measure, but was never designed to be an all encompassing measure of well-being."

a significant number of places are either being rewarded relatively less than the rest of the country compared to their output – most acutely in West of England – and a significant number are being rewarded relatively more than the rest of the country compared to their output – for instance, York, North Yorkshire and East Riding.

Thinking about output and reward in these terms seems unorthodox. However a place's position in relation to the rest of the country is a strand of British – and English – politics. Take, for instance, the general antipathy towards a 'London elite'. Take also the recent debates about 'anywheres' vs 'somewheres'. If this is how the electorate think and how different audiences frame the notion of winning and losing in the economy (e.g. north vs south or urban vs rural), and the industrial strategy is the means by which the economy begins to work better for the people that make up the economy, local industrial strategies should look to address such questions and think in these terms.

In that regard, places and their people's relationship with the economy seem to fit into four categories, which we have highlighted on the chart. These are illustrative, and by no means determinative, but we believe they say a lot about how the local economy works for people and what they want from the political class in terms of economic management and the creation of economic opportunity. To be clear, they are separate to the *stuck* and *stifled* typology we proposed in our report *The Making of an Industrial Strategy*. The *stuck* and *stifled* typology focuses on local authority areas, the typology below focuses on LEP areas.

Group	Description	LEP areas
Standing places	Places where people feel the economy works for them. The economy is in balance and, with a clear sense of what makes their place successful, it stands tall in comparison to the rest of the country. Decent salary levels and a sense of worthwhileness make them some of the most rewarding places to live and work.	Buckinghamshire Thames Valley Coventry and Warwickshire Enterprise M3 Hertfordshire London Oxfordshire Thames Valley Berkshire York, North Yorkshire and East Riding
Steadying places	Places with an above average level of reward yet relatively low rates of output (a significant proportion have rates below the national average). The data suggests they have had relative success in dealing with the challenges that economic growth creates. With strong foundations, their local industrial strategies should identify the markets and sectors that will steady their growth and keep locals feeling the economy is moving in the right direction.	Cheshire and Warrington Coast to Capital Cumbria Derby, Derbyshire, Nottingham and Nottinghamshire Greater Birmingham and Solihull Heart of the South West Leeds City Region Leicester and Leicestershire Solent South East Stoke-on-Trent and Staffordshire Swindon and Wiltshire

Stumbling places	Places with a below average level of reward and relatively low rates of output. Some are significantly more productive than the rest of the country yet also significantly worse-rewarded. They are stumbling places where, despite substantial attention from central government in reorienting their economies to the modern world, the benefits of growth are yet to translate to the local population. With strong foundations, the challenges of their local industrial strategies are to deliver inclusive growth and shift upwards on reward.	Dorset Gloucestershire Greater Cambridge & Greater Peterborough Greater Lincolnshire Greater Manchester Humber Lancashire New Anglia Sheffield City Region South East Midlands The Marches West of England Worcestershire
Sliding places	Places that are literally being left behind by the rest of the economy. Reward is significantly lower than in other parts of the country and, in the last five years, they have stratified away from the median. They are characterised by their past industrial make-up and tend to be distant from London. Without significant intervention from central and local government, there is a risk these places will slide further away from the rest of the country.	Black Country Cornwall and the Isles of Scilly Liverpool City Region North East Tees Valley

STRATEGIC INDICATORS

To address the tensions between output and reward we have raised in this chapter, productivity is an important yardstick of success, but not the only one. A number of other strategic indicators are ones that local industrial strategies should aim to measure and influence. In the rest of this chapter we outline four other strategic indicators, why they are useful measures of local economies and where places across England currently sit.

The four indicators we have chosen are four of many options. In Essex, for instance, the county council is developing a basket of “inclusive economic growth” indicators, including a model showing levels of prosperity against inclusion. The point is places writing local industrial strategies should look to build their own set of indicators which illustrate how people, businesses and places as a whole are experiencing the economy.

Strategic indicator: workforce-jobs skills equilibrium

The equilibrium identifies the typical quality of work across LEP areas in relation to the typical skill level of workers. It is indicative, showing supply of labour against demand for it. For local industrial strategies it shows whether their focus should be on improving the quality of the local labour market, the local jobs market; or, both.

Methodology

Quality of work is assessed by median pay levels and occupational skill level across the LEP area. Quality of labour is assessed by the extent to which workers are trained and qualified, as well as how wide the labour market could be. Contributing variables are summarised below.

Equilibrium factor	Variable	Data source
Quality of work	Pay – median weekly earnings	Annual Survey of Hours and Earnings
	Occupational skill level – percentage of skilled occupations in the area ²⁷	Workplace analysis of the Annual Population Survey
Quality of labour	Trained – percentage of population who have had job-related training in the last 13 weeks	Annual Population Survey
	Qualified – percentage of the population with an NVQ3 and/or NVQ4	Annual Population Survey
	Vitality – percentage of the population aged 16 to 64	Annual Population Survey

Each of the measures were standardised using the inter-decile range method, and combined without weighting (unlike the OECD study – discussed below – where weights are applied). Each LEP area was plotted on axes for each equilibrium factor and this, as illustrated by the graph below, produced four quadrants:

- High equilibrium – high-skilled workforce and high-skilled jobs
- Low equilibrium – low-skilled workforce and low-skilled jobs
- High-low equilibrium – high-skilled workforce and low-skilled jobs
- Low-high equilibrium – low-skilled workforce and high-skilled jobs

The methodology builds on work done by the OECD.²⁸ To provide policymakers with an indicative, rather than illustrative, impression of their area's skills competitiveness, the OECD designed a skills equilibrium for the UK. Using data from a number of OECD nations, the authors created composite indexes for supply and demand in the labour market. The supply index reflected the skill level of the population. The demand index reflected the productivity of the area (GVA/hour) and the percentage of employment in high-skilled occupations. Their equilibrium indicates which places may have surpluses or deficits in the competitiveness of their labour pool.

Our methodology builds on the OECD's by expanding the number of indicators and changing the focus from a 'supply/demand' equilibrium to a 'quality of workforce/quality of work' equilibrium. The OECD study was restricted to certain indicators due to its international nature. The authors included a number of measures they would have included if they were available across the countries surveyed. We have included one of these measures, job-related training, as well as adding our own –percentage

²⁷ While lower-skilled work can be perceived to be high quality and high-skilled work perceived to be low quality, higher-skilled jobs tend to have higher levels of desirable qualities such as autonomy and flexibility. Thus, a higher percentage of skilled occupations was deemed to be 'higher quality' of work.

²⁸ OECD (2012) - Skills for Competitiveness

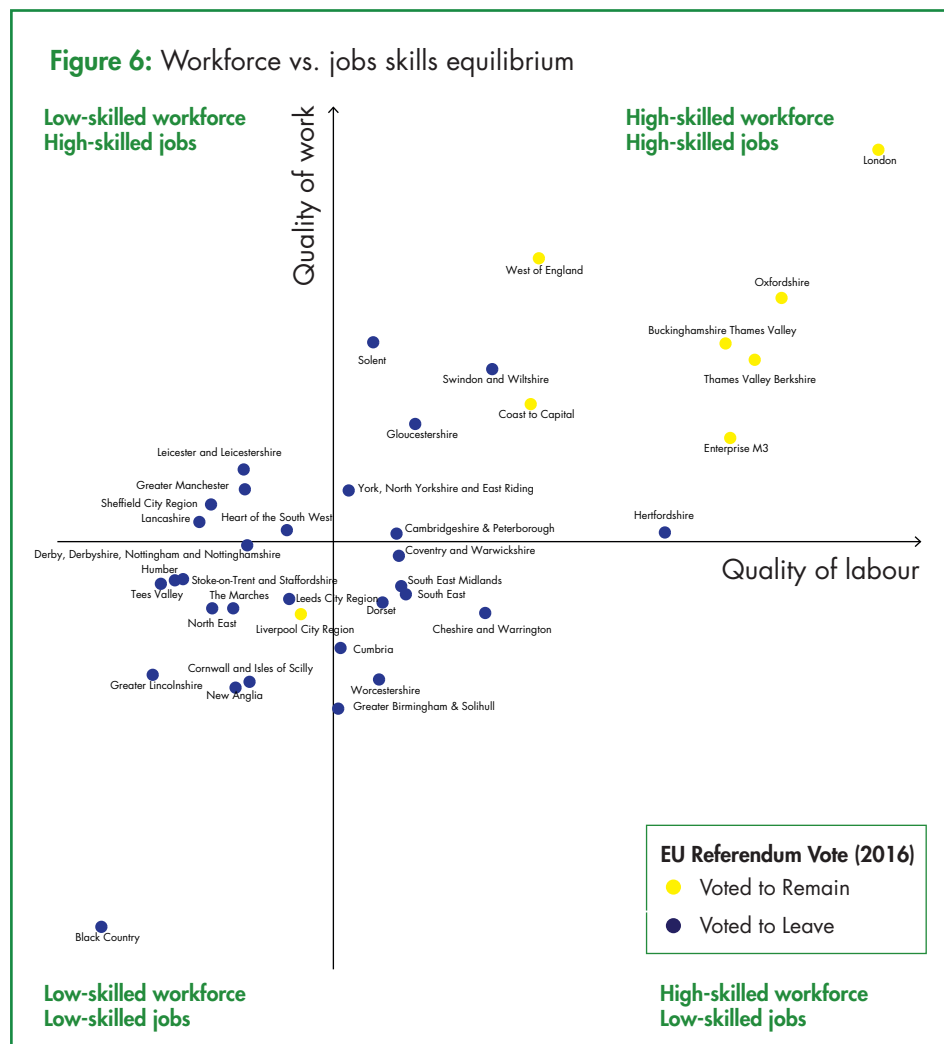
of the population aged 16 to 64. This is important in an ageing country like England, where a static reading of labour market vitality might miss impending demographic change.

State of England

Thirteen out of thirty-eight LEP areas are out of equilibrium. Thirteen are in high equilibrium and twelve in low equilibrium. A group of high-performing areas pull the rest of England upwards. A majority of places are middling and characterised by relatively low-skilled people working in relatively low-skilled jobs.

In policy terms, the aim of all local industrial strategies should be to move into a high equilibrium position. This means:

- Places in the top left quadrant (low-high equilibrium) should focus on their local labour market strategy: higher skill levels would be met by the existing jobs market.
- Places in the bottom right quadrant (high-low equilibrium) show focus on their local jobs market strategy: a higher quality of work would be met by the existing labour market.
- Places in the bottom left quadrant (low equilibrium) should focus on local labour market and jobs strategies.



Source: 'High Skill Jobs' composite index made up of: % of employment in high-skilled occupations (SOC2010 groups 3-4) - Annual Population Survey, Median gross weekly pay - Annual Survey of Hours and Earnings. 'High Skill Workforce' composite index made up of: % of 16-64 population with post-secondary education (NVQ3+) - Annual Population Survey, % of 16-64 population with recent (last 13 weeks) job-related training - Annual Population Survey, % of population aged 16-64 - ONS Population Estimates

Strategic indicator: work/life balance

The number of hours worked is important for a person's wellbeing. Studies show it has an impact on mental health and physical health (particularly for workers in manual occupations). A strong local economy is dependent on a healthy workforce, so work-life balance is also a useful indicator of economic vibrancy.

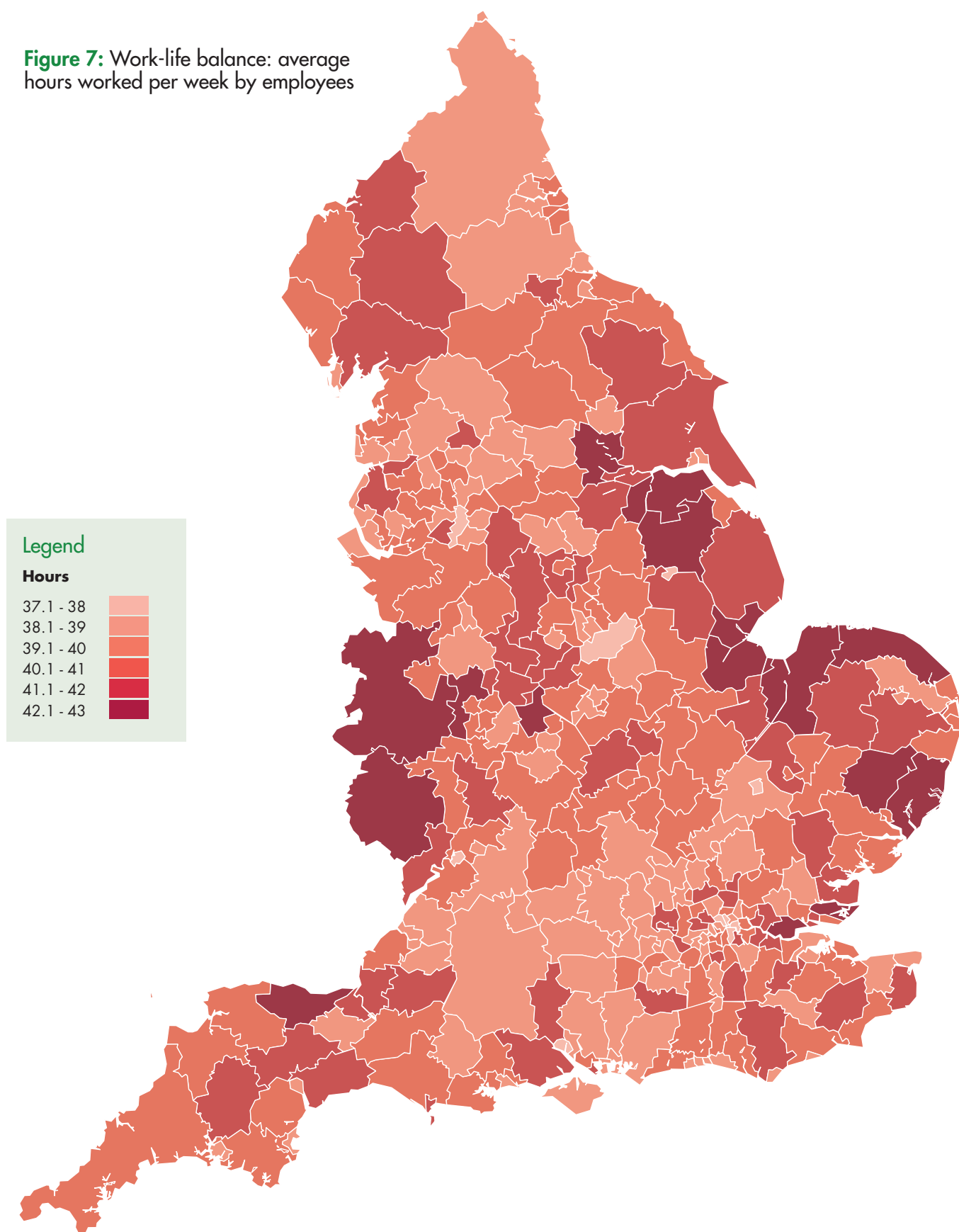
Methodology

Using data from the ONS's Annual Survey of Hours and Earnings, average number of hours per week was established by local authority area.

State of England

The places working the longest hours tend to be rural areas, dotted around East Anglia, Lincolnshire and the East Midlands. The places working the shortest hours tend to be London boroughs and city centres. At a local authority level, there is a significant difference in people's work-life balances: someone in Boston works 1.14 more hours per day than someone in Tower Hamlets.

Figure 7: Work-life balance: average hours worked per week by employees



Source: Annual Survey of Hours and Earnings via Nomis UK

Strategic indicator: post-recession recovery

The unemployment rate is one of the key indicators of economic downturn.²⁹ While a significant proportion of new employment has been in poor quality and insecure jobs — discussed and mapped in chapter three — the unemployment rate provides a good indication of how a place experienced the recession and recovery.

Methodology

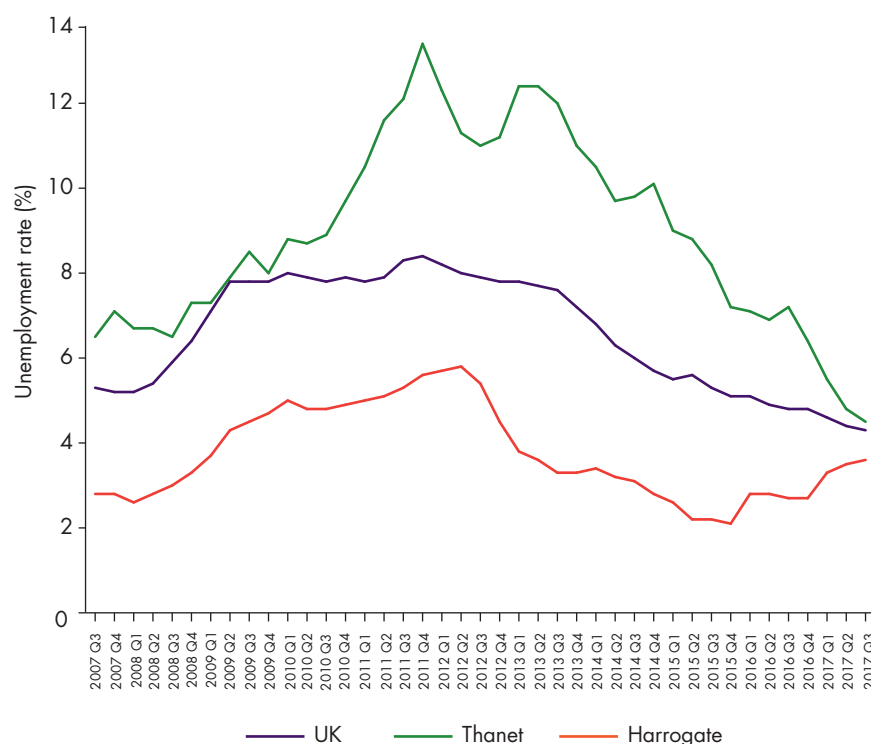
Using data from the ONS's modelled rate of unemployment, the difference in rates of unemployment between the third quarter of 2007 – just before the recession began to take impact – and third quarter of 2017 – the most recently released data set – was established by local authority area.³⁰

State of England

The recession and recovery were experienced quite differently across the country. In fifty places, rates of unemployment are higher than before the recession. The places where unemployment has reduced the most tend to be London boroughs and places in the South East.

These differences are apparent when comparing places like Thanet and Harrogate with the national average. As the chart below shows, Harrogate experienced a relatively low increase in unemployment and returned to its pre-crisis level of unemployment quickly (in the fourth quarter of 2014). The reverse is true in Thanet where rates of unemployment reached close to 14 percent and where recovery was much more staggered and slow.

Figure 8: Rate of unemployment in Thanet, Harrogate and the UK



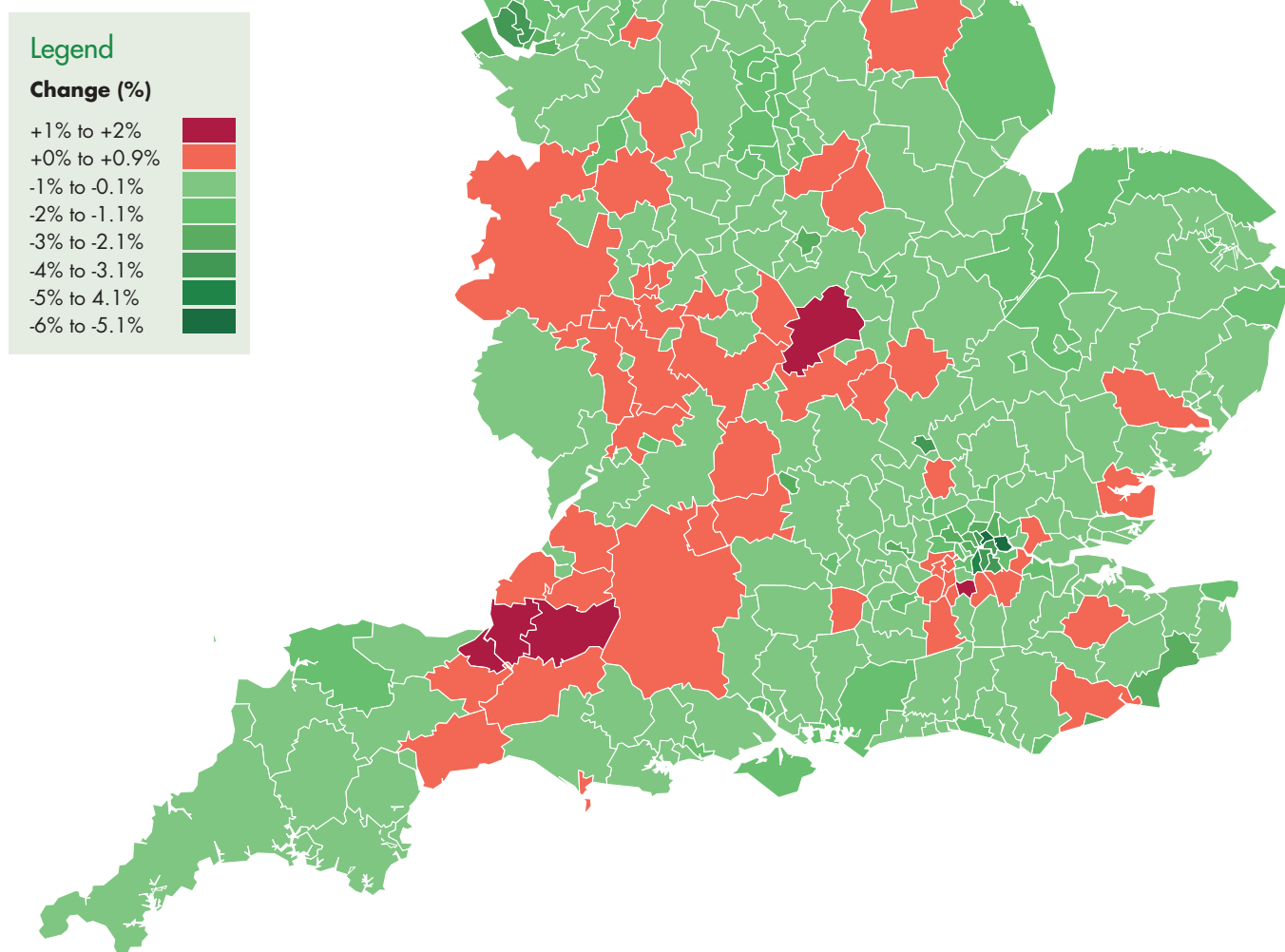
Source: ONS Labour Market Statistics. ONS Modelled Rate of Unemployment.

²⁹ Glen G. Cain (1979) – The unemployment rate as an economic indicator

³⁰ Rate of unemployment is used ahead of GVA as our measure of recovery from recession because the ONS produces a modelled rate of unemployment to compensate for the small sample sizes in some local authority districts. This makes it more accurate and comparable to the national level than GVA. GVA is a crude estimate of a local authority area's contribution to the GDP and, unlike the modelled rate of unemployment, it is not an official national statistic.

NB: the analysis excludes City of London and Isles of Scilly because data is not available.

Figure 9: Post-recession recoveries:
change in unemployment rate Q3 2007
to Q3 2017 (%)



Source: ONS Modelled Rate of Unemployment via Nomis UK

Strategic indicator: child poverty

The rate of child poverty in the London borough of Tower Hamlets illustrates why it should be a strategic indicator of importance in local industrial strategies. The borough is home to Canary Wharf, the centre of the country's financial services industry with a high concentration of the sort of good quality work we discuss in the workforce-jobs skills equilibrium. It has some of the highest-paying jobs in the country. Yet, over half of children living in the borough live in poverty. The figures illustrate why local industrial strategies should be frameworks by which economic growth is *inclusive* of all who live and work in the borough. This means a focus on residents' capacity to work in, and access to, better-quality jobs. Ultimately it means a focus on the foundational economy too, not just the upper echelons of the service and manufacturing industries.

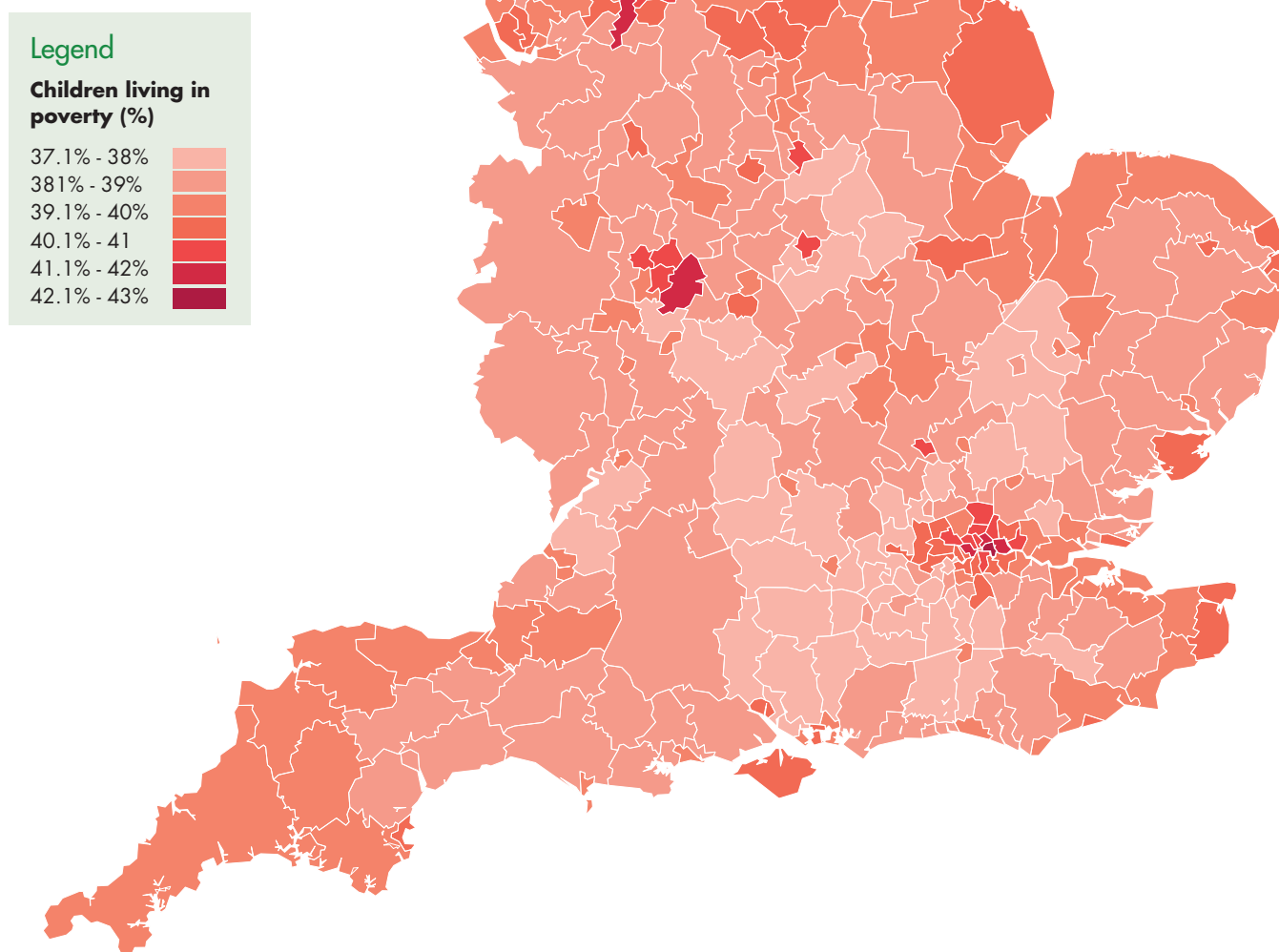
Methodology

Using datasets made public by the End Child Poverty coalition, published in January 2018 for the period of July-September 2017, levels of relative child poverty, after housing costs, were established by local authority area.

State of England

Child poverty is a particularly acute issue in urban areas. Every local authority district in the top twenty is predominantly urban. This contrasts with urban areas relatively strong performance on economic indicators illustrated by the maps in the rest of this section.

Figure 10: Child poverty in England: children living in poverty by local authority (%)



Source: Campaign to End Child Poverty

3. Components of local industrial strategy

Every local industrial strategy area starts from a different place. From an area's rate of productivity, to its sectoral mix, to its access to required skills, there are strong differentials across England's local economies. Each area has different drags on growth and thus their appropriate policy responses will need to be different too. The point of producing local industrial strategies is to account for their differences and address them in a way a stand-alone national strategy has not and cannot.

Our research suggests there are three broad themes consistent to every local industrial strategy area's challenges. The manifestation of these themes will of course be different depending on the local area and they are by no means the only themes a local industrial strategy can address, nor are they permanent, but they are the components we adjudge most consistently vital. They are:

- *Local labour market strategy.* Supporting local people to be appropriately skilled and active in the labour market. Also attracting (and retaining) high-skilled people to the area.
- *Good jobs strategy.* Stimulating demand for jobs that are more secure and well-paid.
- *Commercial commons.* Making places more attractive to people and investment.

3.1 Local labour market strategy

Workers, employers and places are experiencing structural changes to both the labour market and the nature of work. A significant proportion of manual labour jobs are expected to be mechanised in the coming decades. The country's exit from the EU will herald a sovereign immigration policy, and greater restrictions on foreign labour supply are likely. The number of people working self-employed is increasing every year and represents close to one sixth of the English workforce.³¹

At the same time, a number of underlying issues continue to impact local labour markets. Sections of society are under-represented – sometimes out of choice, sometimes by exclusion – from the labour market. Hotspots of skills mismatches persist, as Figure 11 illustrates. And the population continues to shift – in make-up and mobility – with the young and highly-skilled concentrating in a limited number of locations.

³¹ In the year to June 2017, the Annual Population Survey shows out of 26.8 million people aged 16+ in England in employment, 4.2 million were self-employed.

These shifts have not rewarded England's places equally. As our report *In Place of Work* illustrated, the difference in the robustness of local labour markets, and their exposure to risk, is staggering.³² For some places, their skills deficit and risk of unemployment is much greater than others.

Given the difference in skills requirements across England, local labour markets are an area where, building on the government-commissioned Taylor Review of modern working practices, the national industrial strategy and government's careers and skills strategies, a place's industrial strategy can have real impact: shaping pathways of education – for the young and old – to equip people with the skills a local economy demands today and in the future. Supporting inactive or soon-to-leave groups into the local labour market. And having a more active presence in matching labour to jobs where the market fails to.

Local labour market strategies are a vital part of local industrial strategies

Key to this will be Skills Advisory Panels (SAPs). As announced in the industrial strategy white paper, SAPs will be integrated into MCAs and LEPs and help to determine post-16 education and skills provision. SAPs "will produce rigorous analysis of the current and future supply and demand for skills and help areas form a clearer understanding of their skills requirements." Seven pilots have been rolled out across England and in some places, for instance Essex, SAPs will build on existing capacity.

SAPs must begin to fill the void that regularly exists between businesses and post-16 education providers.³³ Working with the Department for Education (DfE) to implement the principles of government's Post-16 Skills Plan and Careers Strategy locally, they should aim to develop seamless support between education and work. More broadly, like in Louisville USA, SAPs should look to provide residents lifelong support to be active in the labour market. As part of this every worker should expect SAPs and local industrial strategies to have foresight and action for technical and political changes in the economy and labour market.

In the rest of this chapter we detail common issues, listed in a life's chronological order, and possible local industrial strategy interventions to do this.

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 funding and policy initiatives are required to meet skills shortages.

Louisville's Cradle to Career programme

In 2014, the Mayor introduced a new programme aiming to make Louisville a 'city of lifelong learning'.³⁴ The Cradle to Career system brings together public and private, conveners and funders, providers and employers, in partnership. Designed around four pillars – early care and education readiness, k-12 success, high school to postsecondary transition and completion; and, 21st century workforce and talent – each pillar has individual strategies to increase student achievement and lifelong learning opportunities.³⁵

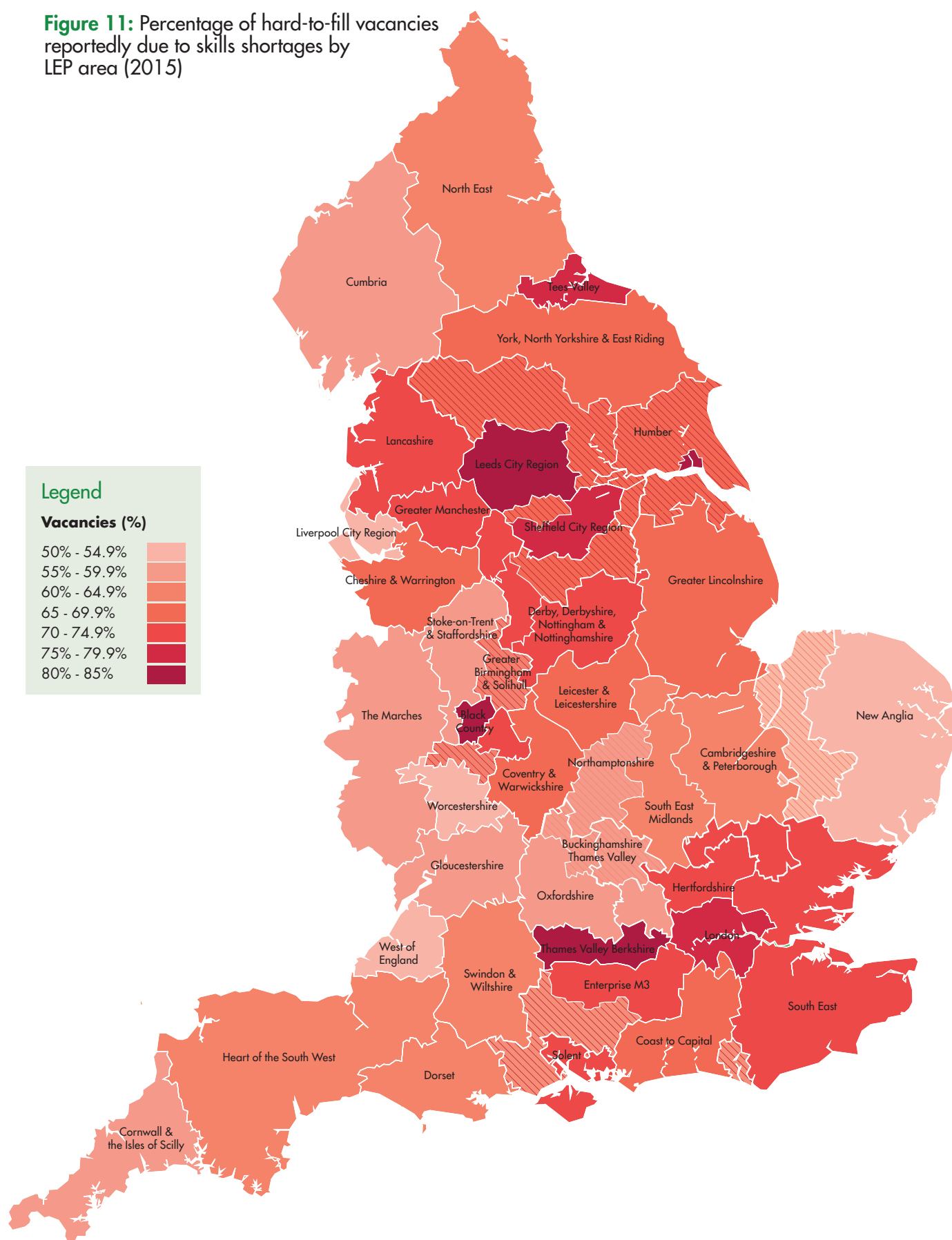
³² Localis (2017) – *In Place of Work*

³³ This is a particular issue in two-tier areas where the skills agenda does not sit clearly with any authority.

³⁴ Strada Education Network (2017) - Louisville Targets Workforce Readiness From 'Cradle to Career'

³⁵ Louisville County (2015) - Cradle to Career: Louisville

Figure 11: Percentage of hard-to-fill vacancies reportedly due to skills shortages by LEP area (2015)



Source: UK Commission for Employment and Skills (UKCES), Employer Skills Survey 2015

School performance

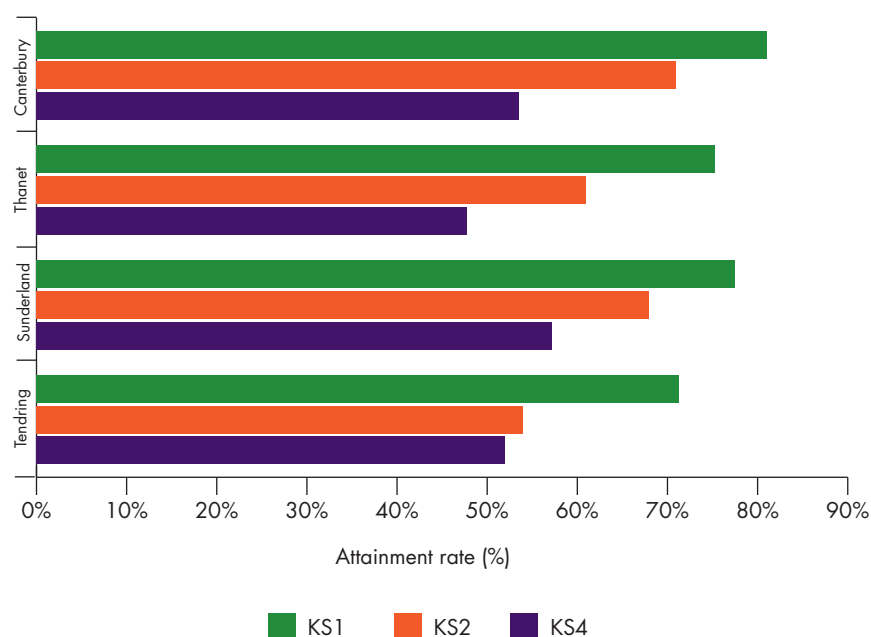
Improving the early stages of education in poorly-performing areas is a key tenet of government's industrial strategy. In its white paper, government says its "approach to addressing challenges facing our education and skills system will focus on school improvement across the country." It also highlights the need for tailored approaches across the country that address place's specific needs, introducing place-based reforms, for instance:

- A £42 million Teacher Development Premium that funds continuing professional development opportunities for teachers working in "areas that have fallen behind",
- The £72 million Opportunity Areas programme by the Department for Education. The programme focuses on social mobility 'cold spots' and brings together local educators, employers and voluntary and community organisations to plan for key areas of improvement.
- The development of thirty mathematics education strategic hubs in under-performing areas. In each hub, a teaching school will provide schools across the area support in recruiting and training mathematics teachers.
- A student loan reimbursement pilot programme will be introduced to help attract and retain teachers in the subjects and areas of the country that need them most.

Much of the industrial strategy focuses on a nationally-driven approach to improving education. This contrasts with post-16 education provision, for which SAPs have been established and mayoral combined authorities will be devolved the post-19 AEB by 2020.

While local government's relationship with schools has weakened in recent years, we believe places' strategies should take a holistic approach to education provision and consider using their funding mechanisms and wherewithal to fund initiatives that focus on pre-16 education too. This is especially important in places like Tendring, Sunderland, Thanet and Canterbury, where attainment drops significantly between primary and secondary school. The reasons for this are many and can also vary by place – in Thanet, for instance, one factor is a highly-transient and vulnerable population, as explored in the case study box across the page – however there is much a local industrial strategy can look to address.

Figure 12: Difference in educational attainment rate between KS1 and KS4



Department for Education Statistics: KS1 attainment is taken from the average percentage of students achieving an acceptable standard in English Reading, English Writing, Maths and Science, KS2 attainment is the percentage of students achieving the expected standard in English, Maths and Science and KS4 attainment is the percentage of students achieving grade 9-4 pass in the English Baccalaureate

Place	KS1	KS2	KS4
Canterbury	81	71	53.5
Thanet	75.25	61	47.8
Sunderland	77.5	68	57.2
Tendring	71.25	54	52

Places can apply to be a partner of one of government's place-based support programmes, however a number of programmes currently have limited funding and/or are in pilot phase. Some initiatives could be replicable in local industrial strategies. Like government provides tax-free bursaries and scholarships to graduates who train to teach in specific subjects (STEM subjects typically receive the highest funding),³⁶ places could look to provide bursaries to teaching graduates who commit to working in their area upon training. Where there is no funding available for this, strategic authority-led local industrial strategies, with their convening power, can facilitate closer relationships between badly-performing schools and local universities. Schemes could be established that place graduate teachers in these 'cold spots'.

We should note that the issue of misreported data was raised during the research process, specifically the potential for false baselining in secondary education. The assumption that Key Stage 3 is the starting point for each child commencing secondary school should be more critically assessed

³⁶ DfE (2018) - Bursaries and funding

Approaching economic and social policy as one in Thanet

For a long time, social and economic policy have been treated as two sides of the same coin in Thanet. A 2005 report from the Kent Child Protection Committee considered “the links between the general economic and social conditions prevalent in the District, the impact of a transient and extremely volatile population”, alongside the impacts of other local authorities “placing vulnerable people away from their homes and communities” in the Thanet area.³⁷ As such, to better connect the transient and vulnerable communities typically excluded from economic opportunities, a strong emphasis is placed on improving attainment and skills as part of the area’s plans for economic regeneration.

Routes to technical education

The Post-16 Skills Plan announced government’s plans for reform of the English technical education system. Reconfirmed in the industrial strategy, the Skills Plan announced that T-levels, new qualifications for occupation clusters separated into fifteen technical routes, will be introduced in two waves in 2021 and 2022. While T-levels will be designed nationally – by panels of employers, providers and professional bodies – places will be expected to decide which of the fifteen routes their strategy will focus on developing locally.³⁸

A central part of delivering government’s ambitions around technical education will be greater collaboration by colleges locally, with an emphasis on specialisation. As government writes in the Skills Plan, “a strong network of colleges and other training providers... [will] take ownership of and ultimately deliver” reforms. Unfortunately this is not happening at the pace required. The norm is for providers to compete with one another for students rather than encourage them to study at the college best for their needs and ambitions. Government has even been prepared to create specialist colleges where places have not done it themselves – take, for instance, the National College for High Speed Rail.

Even if not a part of the final document, local industrial strategies should be a vehicle for declaring and making decisions to achieve greater collaboration and specialisation in the technical education sector. Plans should be informed by SAP analysis and based around, firstly, what individual colleges already excel at and, secondly, local economic projections. In Thurrock, for instance, employers have reported a significant shortage of skilled tradespeople. The 2015 Employer Skills Survey showed 11 percent of skilled-shortage vacancies were in the skilled-trade occupations in Thurrock. This compares to a rate of 3 percent in England. This indicates that to align technical students with jobs, civic leaders should encourage local colleges to specialise in providing the construction T level.

A second part of delivering government’s ambitions around technical education is local implementation of its Careers Strategy. In short, students need the opportunity to know about and access the career they want. And local colleges and businesses need to be much more engaged in that process. This starts in school but a key aim of government’s strategy is for people of all ages to access support. The value and role of SAPs and local industrial strategies is to encourage greater business engagement and to provide the information and analysis about current and future skills needs to help shape career provision for people of all ages.

³⁷ Kent Child Protection Committee (2005) - Thanet Board of Inquiry report

³⁸ As part of their local industrial strategy, SAPs will be expected to structure their labour market analysis around technical routes for providers to respond and plan accordingly.

Retaining graduates

The impact of high levels of mobility by England's young and highly-skilled population has been to the benefit of London and at the expense of other places. As research by Centre for Cities has shown, alongside 77 percent of its universities' students staying to work in the capital, it also attracts 22 percent of graduates who moved after graduation.³⁹ When accounting for only Russell Group university graduate movers who achieved a first or upper second class degree, 37 per cent worked in London within six months of graduating.⁴⁰

These trends are set to continue. In a recent report on student perceptions by UPP, 48 percent of students said they were considering moving after they graduate (40 percent said they will live and work in the place of their university).⁴¹ The regional breakdown shows 35 percent of students in London were reported to be considering moving, compared to 41 percent in the North West, 41 percent in the East of England; and 63 percent in the West Midlands.

For some places a lack of graduates is a relatively minor issue in their local labour market. While high proportions of 20-34 year olds are known to improve the fortunes of places,⁴² the reality is greater value might be derived from focusing on improving other parts of the local labour market. After all, only so much capacity and finance will be available for local industrial strategies. Yet in places where skills-shortage vacancies exist, which graduates could fill, attracting and, where there is a university, retaining graduates and facilitating their entry into high-skilled jobs – often graduates remain in a place but under-employed – should be a key focus of local industrial strategy. Currently London is the only winner in the annual competition for graduates.

Places have long been aware of the issue – for instance Universities UK found half of LEPs include graduate retention as an ambition in their SEPs and/or skills plans⁴³. Some strategies focus on transitioning soon-to-be-graduates into the local job market. Centre for Cities have noted approaches tend to centre on improving graduate employability, subsidising graduate wages, and matching graduates to jobs.⁴⁴ In Nottingham and Nottinghamshire, for instance, the city and county councils have co-funded a pilot scheme to better connect graduates with local SME businesses.⁴⁵ The scheme has increased local graduate employment opportunities, targeting the improvement of local skill levels and graduate retention rates. However it is relatively small-scale, placing twelve students in its first phase and aiming for the placing of twenty in its second.

Universities also have their own graduate employment schemes which tend to have greater resource and capacity than local authorities. While former polytechnic universities are said to be especially proactive in supporting their graduates into the local job market,⁴⁶ in the recent past the sign of success for universities is that their graduates got a job rather than *which place* they got the job.

Clearly there is a limit to what places can do to retain graduates. Polling research by UPP found the overwhelmingly most important consideration by soon-to-be-graduates when it comes to choosing where to live after graduation is job prospects (63 percent chose this option).⁴⁷ A strong element of any strategy to retain and attract graduates will include aligning a place's services and cultural offer to the tastes of the young and highly-skilled. Two other interventions we

39 Centre for Cities (2017) - The Great British Brain Drain

40 Ibid.

41 UPP (2017) - Skills to pay the bills

42 Magnet Cities

43 Universities UK (2017) - Graduate Retention: Meeting local skills needs

44 Centre for Cities (2017) - The Great British Brain Drain

45 Nottinghamshire County Council (2017) - Graduate retention in Nottingham and Nottinghamshire

46 One county council economy director noted how they often have a much larger intake from the local area and there is a stronger emphasis on transitioning into technical employment from their degree.

47 UPP (2017) - Skills to pay the bills

suggest are:

- i. **Dedicating local industrial strategy resource to scaling up schemes that support graduates' transitioning into local job markets.** Current schemes tend to be successful but small scale. This is within the local state's capacity, however also dependent on what strings government attaches to the Shared Prosperity Fund (which will replace EU structural funding).⁴⁸ Taking advantage of the convening role of local industrial strategies, part of this should include better partnership between local authorities, local universities and the local business community in terms of coordinating job placements and graduate job opportunities (both in the public and private sectors).
- ii. **Graduate local railcards.** By either working with government when renewing rail franchises, or, for places with regulatory control of local bus and/or rail services, local industrial strategies should seek to include transport graduate subsidisation schemes in rail and bus *invitation to tender* documents. Tender documents should make clear that preferred bids will include graduate concession schemes across specific travel concession areas within the franchise. In Tyne and Wear, for instance, Nexus, the local transport authority, is likely to put out to tender a new operating contract for the Metro system connecting Sunderland and Newcastle. Part of this could include extending the concessionary scheme to graduates of local universities who stay and work in the area. In areas where the skills needs demand it, such a scheme could also be extended to people in higher levels of technical education.

In-work training

Research shows that there is a strong link between investment in in-work training, rates of productivity and wages; "A 1% point increase in training is associated with an increase in value added per hour of about 0.6% and an increase in hourly wages of about 0.3%."⁴⁹ At the same time, firms in low-productivity industries are least likely to invest in their staff and firms in high-productivity industries most likely to invest in their staff. A cycle of insufficient in-work training and low productivity reinforces itself. As we write in our 2017 report on labour market influencing, *In Place of Work*, "those British businesses with the most pressing need to invest in... the upskilling of their staff, are also some of the least likely."

In the context of impending automation of manual jobs and likely labour shortages post-Brexit, in-work training is a hugely important issue for local industrial strategies to contend with. As we say in the introduction to this chapter, a function of SAPs and local industrial strategies has to be foresight, and action to take advantage of, structural changes to the labour market. In-work training is an issue where the country is currently failing – according to the Resolution Foundation, "The proportion of adults with access to work-based training is below the OECD average and most training lasts less than a week"⁵⁰ – and where places' strategies can have direct impact on workers' livelihoods.

Figure 13 shows how there is little difference in the rate of employer-arranged training across England's LEP areas – apart from the city regions of Greater Manchester and Liverpool City Region where the rate of investment is significantly lower. However, this only tells half the story. Employer-sponsored training is often poor and again also according to the Resolution Foundation, it is "undertaken primarily by those with higher qualifications and higher pay".

For local industrial strategies, there needs to be a focus on supporting

48 At present EU structural funds tend to favour supporting people far from the labour market.

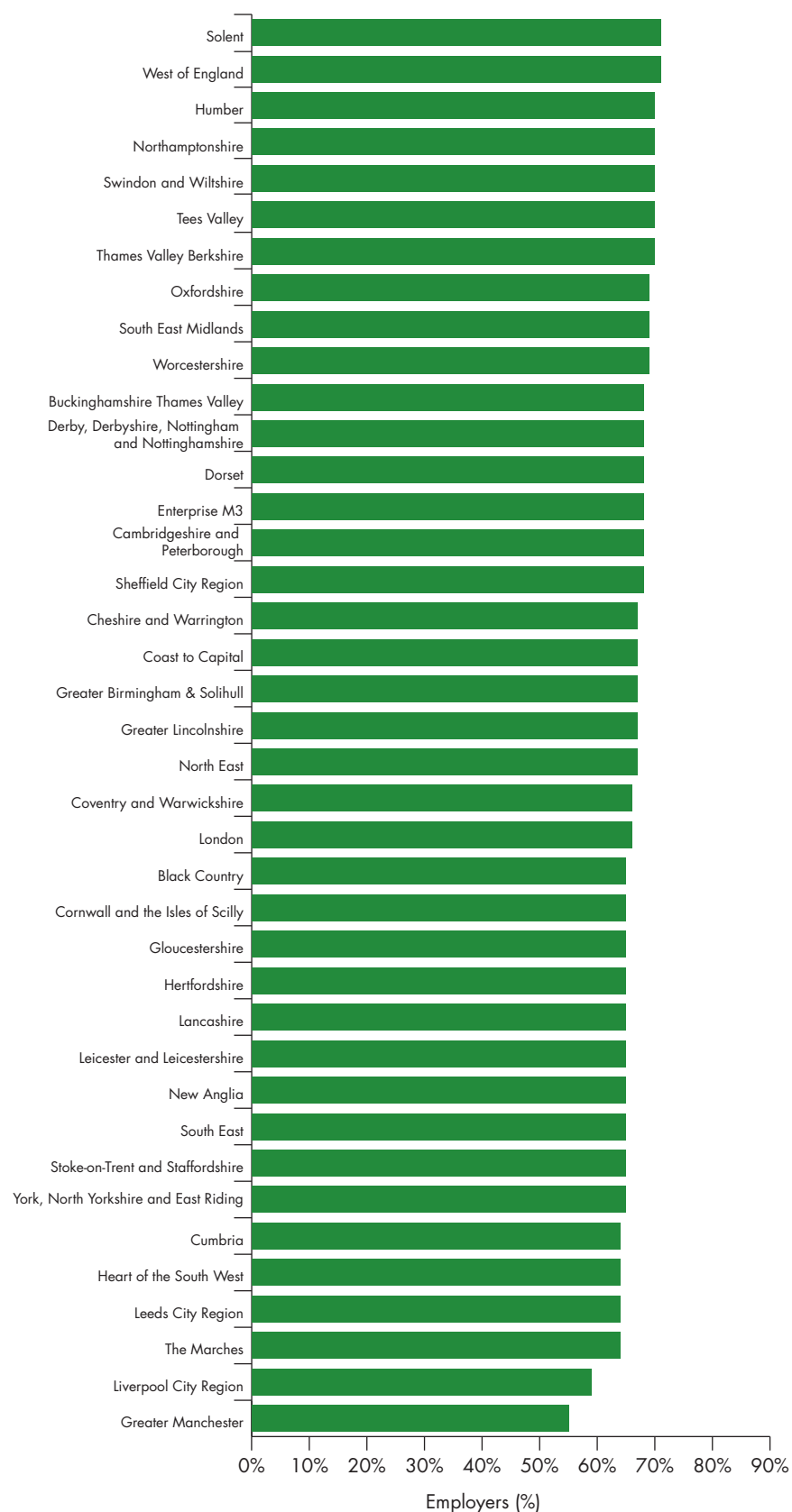
49 Dearden et al. (2006) - The Impact of Training on Productivity and Wages: Evidence from British Panel Data

50 Resolution Foundation (2017) - Working in Brexit Britain

businesses to improve the quality of in-work training. This should include signposting of good training providers and an emphasis on engaging with firms in low-productivity industries.

Places should also look to work with DfE to improve the design of existing national policies to increase employer-provided training, namely the Apprenticeship Levy. As we recommend in our report *In Place of Work*, rather than reverting to the Treasury, unused funds in businesses' Apprenticeship Levy accounts should be reallocated locally and ring-fenced for the development of the local skills base. Where funds are dormant for two years, employers could be mandated to passport funds to the strategic authority, with the SAP advising on how they could be best-used to increase in-work training locally. Places could also trial the option to allow employers to passport their apprenticeship levy funds to the strategic authority for local skills development activity. Like our proposal for dormant funds, this would need to be ring-fenced and the priorities for development established before a strategic authority could accept the funds.

Figure 13: Employers funding or arranging training in the last 12 months by LEP area (2015)

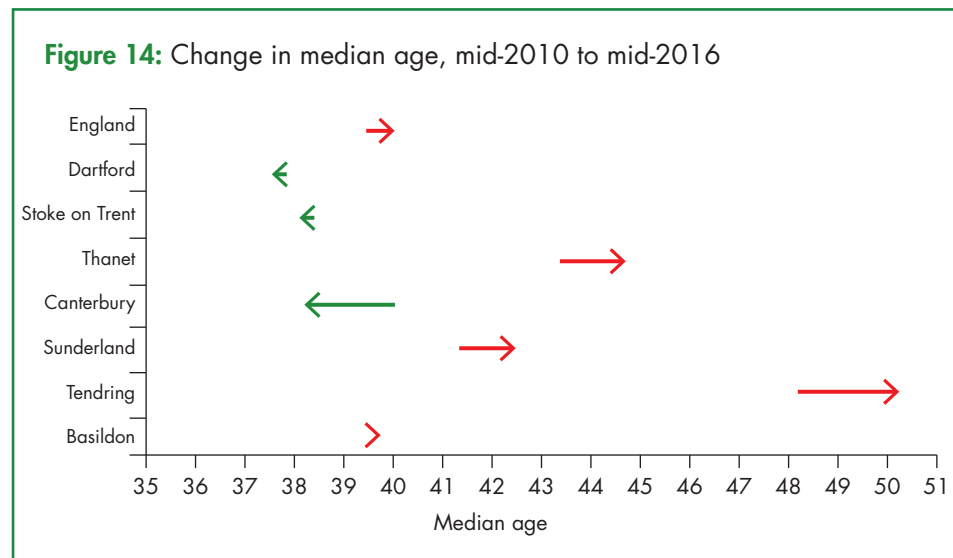


Source: UK Commission for Employment and Skills (UKCES), Employer Skills Survey 2015

Data for the former Northamptonshire LEP is included because the Employer Skills Survey (2015) covers these LEP geographies.

Extending working lives in greying places

One of the national industrial strategy's Grand Challenges is the country's ageing population. By 2030, the ONS projects 13.2 million people will be over the age of 65 (equal to 21.8 per cent of England's projected population).⁵¹ Further, Brexit is expected to increase demand for older workers.⁵² Supporting older people to play a more significant role in the economy, by both facilitating them to work longer and making labour markets more accommodating to their requirements, should, therefore, be a key aim of local industrial strategy – for places and government departments, like DHSC, too. As research by the Prince's Initiative for Mature Enterprise (PRIME) found in 2014, this as much about supporting people approaching retirement – they found of 3.3 million people aged 50-64 economically inactive in the UK, 1 million were made "involuntarily jobless" – as it is supporting those who are already over the age of 65.⁵³



Source: ONS Population Estimates

For some places, the challenge of an ageing population is relatively small. As the graph above shows, the median age in places such as Canterbury and Stoke-on-Trent has decreased in the past half-decade. Yet, in places like Tendring, where the median age has increased to over 50, low birth rates and an exodus of young people threaten economic harm.

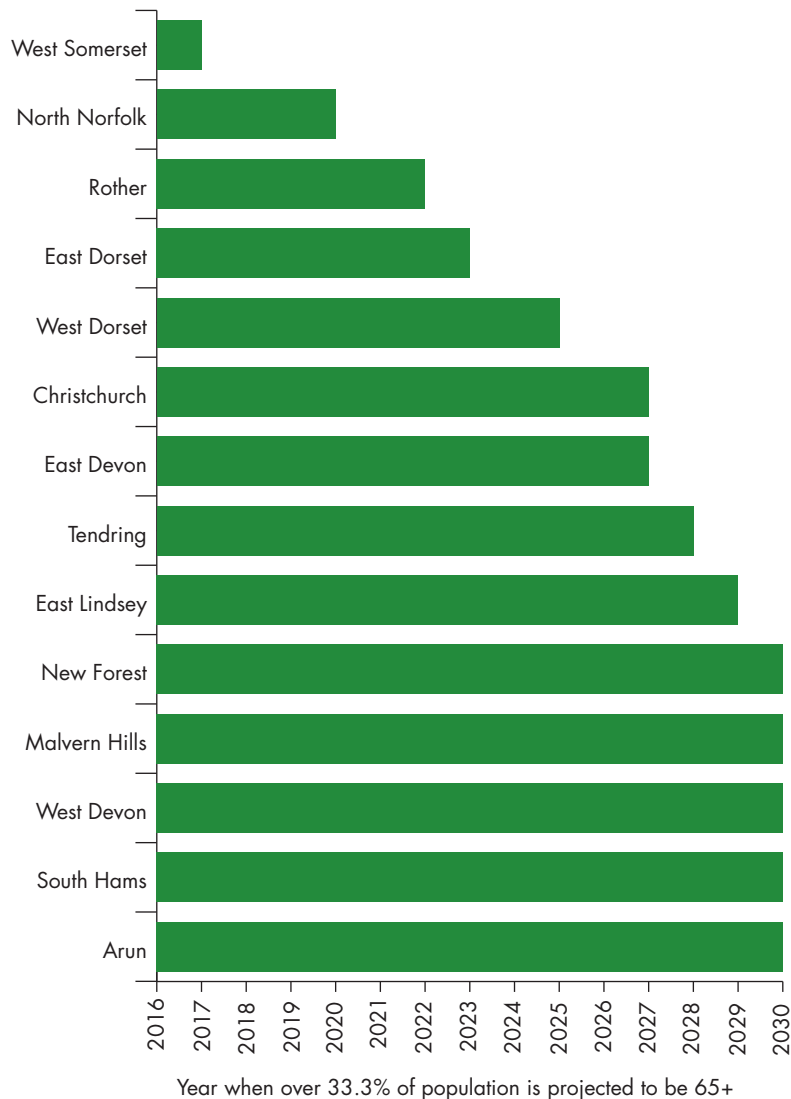
Our research finds fourteen places in England where one in three people are projected to be over the age of 65 by 2030. In West Somerset, the ONS predicts the point will be reached this year (2018). The challenge for places with ageing populations is extending working lives.

⁵¹ ONS (2018) – Population projections - local authority based by single year of age

⁵² International Longevity Centre (2017) – Extending Working Lives: Overcoming Inequalities Conference Report

⁵³ PRIME (2014) - The Missing Million

Figure 15: The places where one third of the population is projected to be 65+ before 2030



Source: ONS Population Projections

Extending working lives

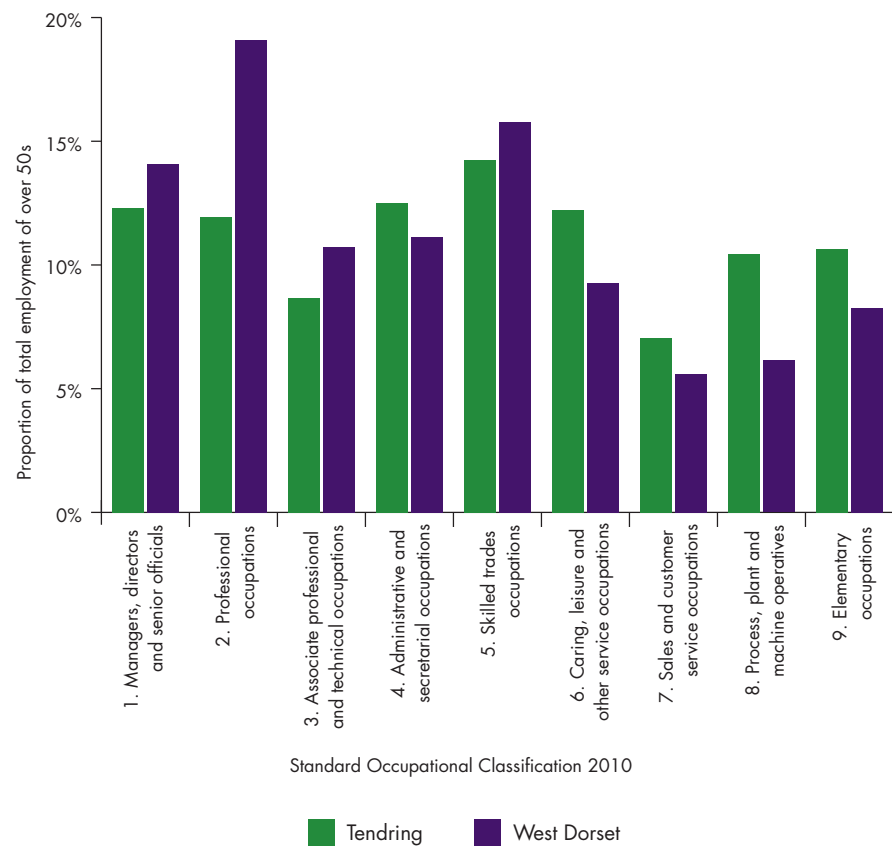
Evidence suggests two of the most important factors affecting people's ability to work longer are the strenuousness and flexibility of labour.⁵⁴ In both cases, lower occupational grades, particularly manual, face the greatest impact and lower working age expectancies. More physically strenuous jobs coupled with less flexibility to work from home, or to change working hours around health needs, contribute to earlier exits from the labour market. In contrast, older people in professional occupations are less likely to face work-related chronic diseases and tend to adapt their job to their ageing bodies.

A place's occupational make-up is therefore instructive in determining the response to extending working lives. This is evident when comparing the occupational make-up of over 50s in places such as Tendring and West Dorset. As Figure 16 shows, in Tendring a much larger proportion of over 50s work in manual jobs. Older people are also much less skilled – just 19 percent of 50-64s

⁵⁴ International Longevity Centre (2017) – Extending Working Lives: Overcoming Inequalities Conference Report

living in Tendring are skilled to NVQ4+ compared to 51 percent of 50-64s living in West Dorset – which, ultimately, makes the challenge of an ageing population, and the cost of inaction, much greater in a place like Tendring.

Figure 16: Occupations of people over 50 in Tendring and West Dorset (2011)



Source: Census 2011 via Nomis UK

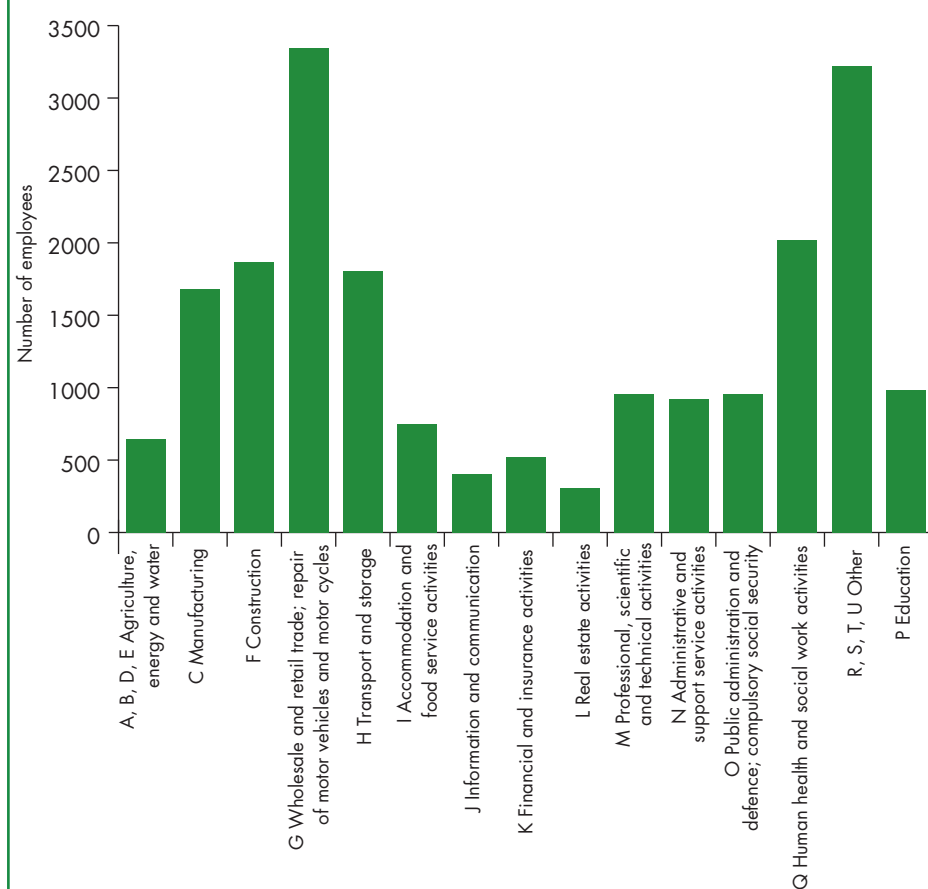
Retraining schemes

The industrial strategy announced two pilot schemes as part of a new national retraining scheme. One targets digital skills – testing artificial intelligence and innovative education technology (edtech) in online digital skills courses – and the other targets innovative construction training programmes. Government’s plans are welcome, targeting areas of prominent skills shortages, but they will not address some of the places at highest risk quickly enough. This is because their industries may not be covered in the first two pilots; and the national scheme will be introduced only “by the end of this parliament”.

In Tendring, for instance, the biggest industry by employment of over 50s is wholesale and retail. This is also one of the industries with one of the biggest proportion of jobs at high-risk of automation (PwC identify it as the industry with most jobs at high-risk) and where probability of investment in training is low.⁵⁵

⁵⁵ Resolution Foundation (2017) - Working in Brexit Britain

Figure 17: Over 50s in employment in Tendring by industry (2011)



Where the impact of an ageing population on the labour market is most acute, places should also take a lead in extending working lives; putting in place schemes that will upskill and reskill workers most at risk of falling out of the labour market early. One option that the local industrial strategy could seek to pilot locally is working with DfE to allow businesses to use funds raised via the apprenticeship levy to fund the wage costs of lifelong learning schemes. This was a part of the Conservative manifesto of the 2017 General Election and may be the best use of that funding in a place like Tendring.

3.2 Good jobs strategy

Full employment has been a primary macro-economic aim of recent governments.⁵⁶ Changes to the tax and welfare systems, for instance increasing the personal allowance and real-terms reductions in unemployment benefits, were introduced with the aim of 'making work pay'.⁵⁷ Coupled with this, skills reforms, such as the creation of T-levels, have been introduced to support greater capacity and flexibility in the labour market.

Government can claim success – in August to October 2017, the employment rate was 75.2 percent, a 4.7 percent increase from the same period in 2010⁵⁸ – yet, at the same time, job growth has largely been driven by less secure and non-traditional employment, and with what has been reported to have been the weakest wage growth since the Napoleonic era.⁵⁹ The result is a country with hotspots of poor-quality employment, illustrated by figure 18.

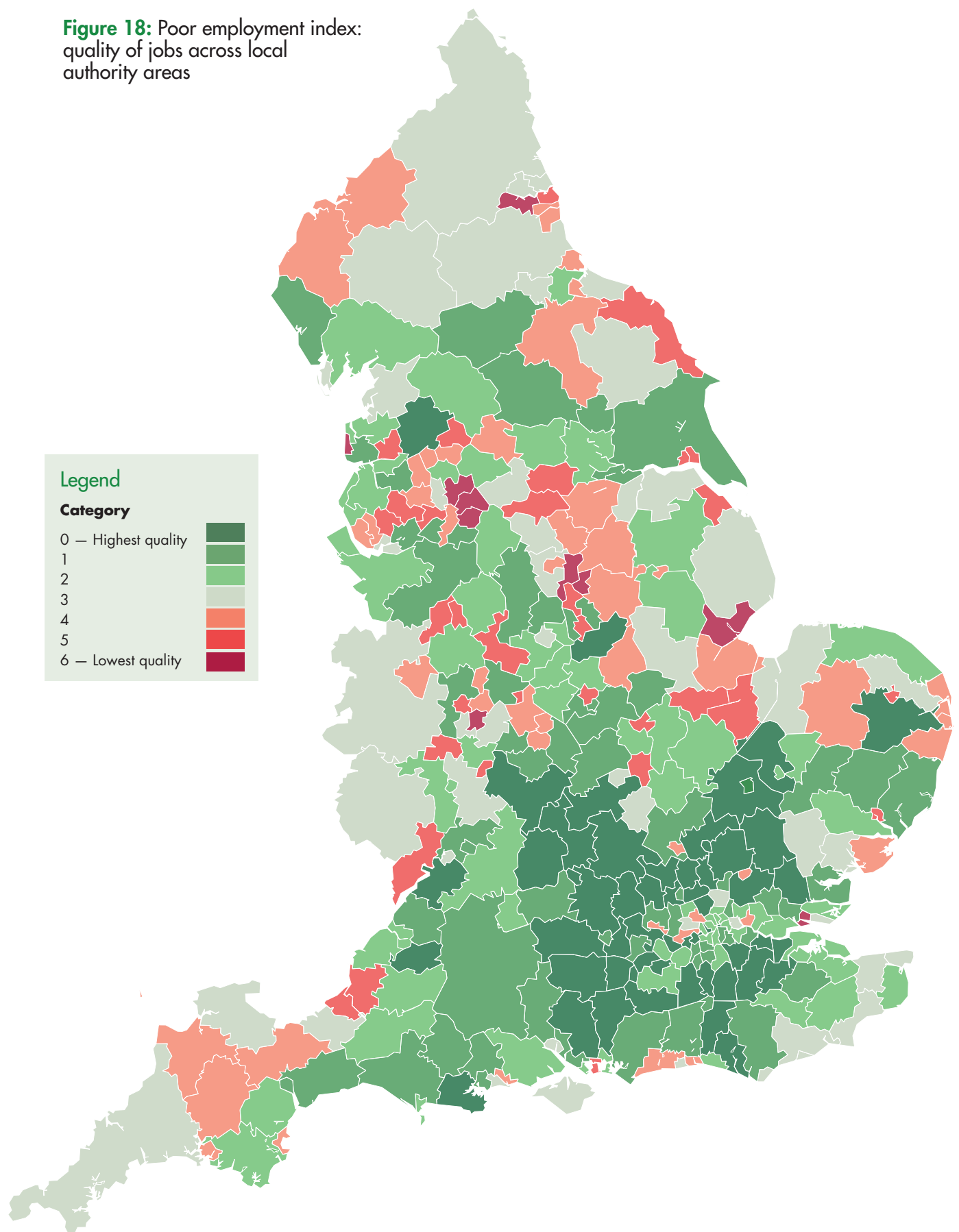
⁵⁶ BBC News (2015) - Tories committed to 'full employment', says David Cameron

⁵⁷ The Guardian (2013) - Welfare reforms: we will make work pay, says George Osborne

⁵⁸ ONS (2018) - UK labour market: February 2018

⁵⁹ The Guardian (2017) - UK pay squeeze to last five more years, warns thinktank

Figure 18: Poor employment index:
quality of jobs across local
authority areas



Explaining the poor employment index

The map shows quality of jobs across local authority areas. This was based on three factors:

- *Financial compensation.* Median wage data from the Annual Survey of Hours and Earnings was used.
- *Percentage of employment concentrated in low-skill work.* Low-skilled occupations tend to be more physically strenuous, repetitive and are generally characterised by a low level of autonomy (Annual Population Survey).
- *Job satisfaction.* The 'worthwhile' indicator from the ONS' Headline Indicators of Personal Wellbeing was used as a proxy. This is a self-assessed rating out of ten, to the question of how worthwhile the respondent felt their day's activity was on the previous day.

The index was established by sorting local authorities into six groups, based on whether the answer was 'yes' to the following criteria:

- Is the LA in the first quartile of median wage?
- Is the LA below average median wage?
- Is the LA in the first quartile for 'worthwhile' score?
- Is the LA below average for 'worthwhile' score?
- Is the LA in the third quartile for % of low-skilled occupations?
- Is the LA above average for low-skilled occupations?

Local authorities in category 0 have the lowest concentration of poor-quality employment. They answered 'no' to all sorting questions. Those in category 6 have the highest concentration of poor-quality employment. They answered 'yes' to each sorting question. See appendix for a full breakdown of each local authority area's category.

The geography of poor-quality employment makes *better*, as well as *more* jobs, a primary aim of the national and local industrial strategies.

Where local industrial strategies can add value is, firstly, establishing the key demographics, sectors and places most poorly-served by the local economy today; and those most at risk of future changes to the economy (be that automation, changes to migration policy, etc.) As we have already written, local growth strategies have rarely been structured this way.

Secondly, local industrial strategies can put in place interventions that encourage businesses to take more risks on initiatives that will generate *more* and *better* work in industries sustainable in the face of changes to the economy. For this places can provide greater certainty on issues such as commercial land provision, tax breaks, seed funding to fledgling businesses and a reorient of public sector spend, where possible, towards local companies.

And thirdly, at the same time, local industrial strategies can introduce measures that nudge local businesses, where they don't already, to pay and invest in their workers more. There is evidence suggesting when there is trust between a place's people, institutions and businesses, local economies benefit.⁶⁰ Deepening this trust should be a key aim of local industrial strategies. Strengthening the contract between place, employer and worker is dependent upon business making better choices themselves. Regulation can be helpful and there is much places can do with their procurement functions and soft power.

⁶⁰ For instance Robert Putnam's book *Bowling Alone: The Collapse and Revival of American Community*

We put forward possible interventions in the rest of this chapter.

A productive use of land

When talking to employers for this report, one of the most common barriers to growth raised was the availability of office space and, by extension, land available for commercial use. Whether this was because the planning application process was deemed to be too slow and uncertain, or that not a large or steady enough supply of viable land was brought through the local plan process, land use and its regulation is too often limiting the expansion of employment opportunities. Facilitating a productive use of land is therefore a hugely important issue for local industrial strategies to contend with.

The most important tool available to places for facilitating a more productive use of land is already within their authority. District councils prepare and adopt local plans which provide the framework by which land is brought forward for development. A large number of places have local plans in place but a significant amount do not. In our report last year on *Disrupting the Housing Market*, we argued this is a barrier to housing delivery – and it is an issue pertinent to local industrial strategies too. Without one, there is no local prospectus for what commercial development is possible and where it could be located, impacting the supply of new commercial space.

Another tool which goes woefully underused by district councils is development corporations. Development corporations allow a new local planning authority to be established for the area they cover with a sole-focus on regenerating the area. The Housing and Planning Bill 2016 allows local authorities, as well as the Ministry of Housing, Communities and Local Government (MHCLG), to introduce development corporations. As has been the case in Copenhagen – summarised in the box below – development corporations can be hugely effective in bringing about a more productive use of land and should be more a more frequent part of place's regeneration strategies.⁶¹

Transforming Copenhagen

Led by the city-mayor and national political leaders, Copenhagen's economy has been revitalised by a more productive use of land in parts of the city. In three phases of intervention, the city has transformed itself with smarter state regulation and use of public land.⁶² First, the Ørestad Development Corporation was established in 1992. It was 55 percent owned by the local government, who rezoned the area, and 55 percent owned by central government, who provided land. A new metro-system was financed by the development corporation borrowing against its assets. Second, because the opening of Øresund bridge to Malmö has reduced traffic flow, the local port began to provide more land and buildings for redevelopment. Third, the development corporation was merged with the port to undertake other redevelopment projects across the country.

Alongside area-specific schemes, local industrial strategy partners should also look to facilitate a more collaborative approach to planning and infrastructure across its area. Government's £2.3bn Housing Infrastructure Fund, the Forward Funding element of which only strategic authorities are able to bid for,⁶³ has already catalysed places to think more strategically about its land and

⁶¹ As we write in Section 3.3, they can also be tied to encouraging private investment into an area.

⁶² Brookings Institute (2017) - The Copenhagen City and Port Development Corporation: A model for regenerating cities

⁶³ The Forward Funding component allows bids of up to £250m for infrastructure on strategic sites

infrastructure gaps. Greater collaboration is possible in a statutory and non-statutory manner:

- **Joint planning documents and powers.** Through the London Plan, the Mayor of London has for a long time set a city-wide planning strategy for residential and commercial development. Similarly the Greater Manchester Spatial Planning Framework, a component of the city-region's devolution deal and developed in partnership by the ten local authorities, is putting in place a plan for the provision of land for new housing and jobs across the city-region up to 2035. Local industrial strategy areas can achieve similar powers by working with MHCLG to agree a housing deal. For instance as part of Oxfordshire's deal, a joint statutory spatial plan will be produced and the county has been provided £215m for housing and infrastructure costs.
- **Shared protocols.** Places can also develop shared planning protocols across their area to facilitate the planning process. In Essex, for instance, shared protocols have been used to support development in the North Essex Garden Communities area and developing work in South Essex.

Joint approach to land in Essex

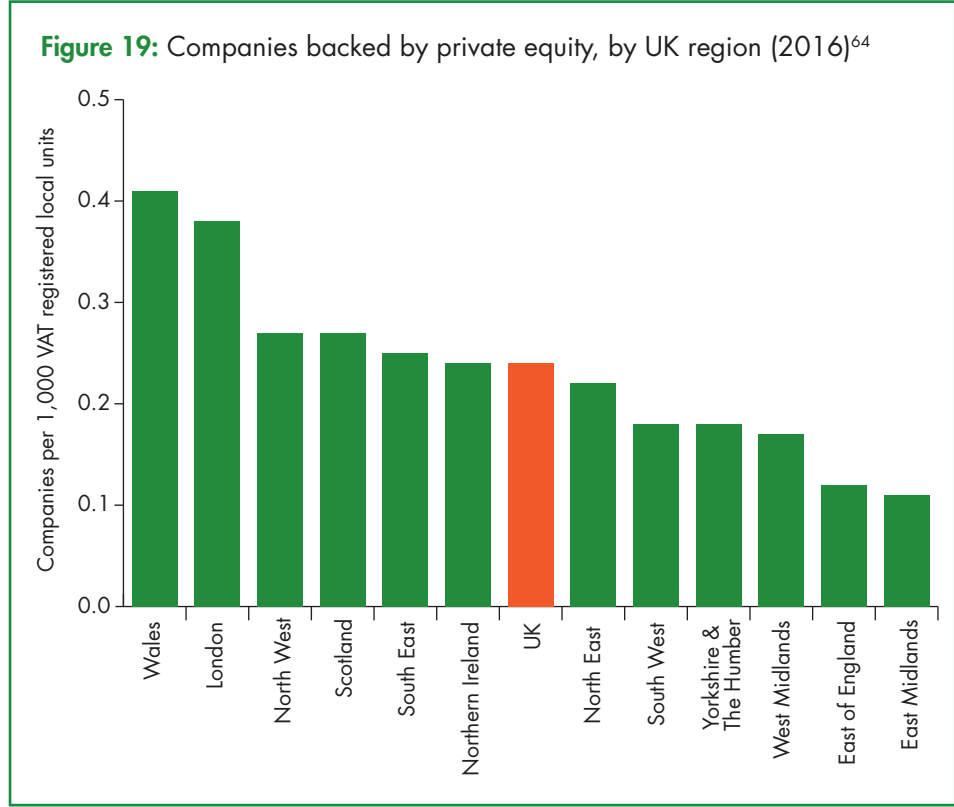
Essex's economy is characterised by a large number of SMEs. A key aim of the county council is attracting more big businesses to Essex, and part of the strategy to achieving this is improving the offer of industrial land (of which there is little at the moment) and a more coordinated approach to housing.

The council's Growth and Infrastructure framework has established the county's infrastructure gap and, in response, two shared protocols have been developed in partnership with district and unitary councils:

- Joint viability protocol – to take on developers armies of viability consultants, there will be joint working and set of principles across the county
- Essex design guide – setting principles of design that are acceptable to residents

Seed funding to support fledgling businesses

Access to capital is a vital part of establishing a local business environment that supports entrepreneurs and fledgling businesses to take greater risks. The vast majority of this will be sourced through private markets, however, like the state-owned British Investment Bank provides credit to SMEs, there is much the local public sector can do too. This is particularly important in places outside of London where, as figure 19 illustrates, relatively few companies attract private equity investment and where venture capital opportunities tend to be relatively sparse.



Seed funding investment boards. As in Kent, places can establish investment panels that provide gap funding to fledgling businesses in their area. They require initial funding to set up but, as in Kent, can soon deliver a return.

Kent County Council's seed funding schemes

Using £55m of Regional Growth Funding, the 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 £30 million through jobs created and protected £51m through jobs safeguarded.

Bridging loan facilities. Cash flow is frequently cited as one of the most important concerns cited by SMEs in terms of their growth. Of over 1,800 SME owners in the UK, Germany, France, Italy and the United States recently surveyed, 54 per cent said cash flow problems were their biggest obstacle to business growth.⁶⁵ The survey also suggested funding is costing more too. In an extension of seed funding investment boards, places could set up bridging loan facilities across their local industrial strategy area. These would follow the same principles as the seed-funding board – low interest rates and funding decisions made by an expert panel – and support local businesses to grow.

⁶⁴ Figures reproduced from BVCA Private Equity and Venture Capital Report on Investment Activity 2016

⁶⁵ C2FO (2017) - Working Capital Outlook Survey

Attracting start-ups in the US

In St Louis, the *Arch Grants* programme gives \$50,000 dollars to any promising start-up that relocates to the area. In 2013, the fund granted \$1.2 million.

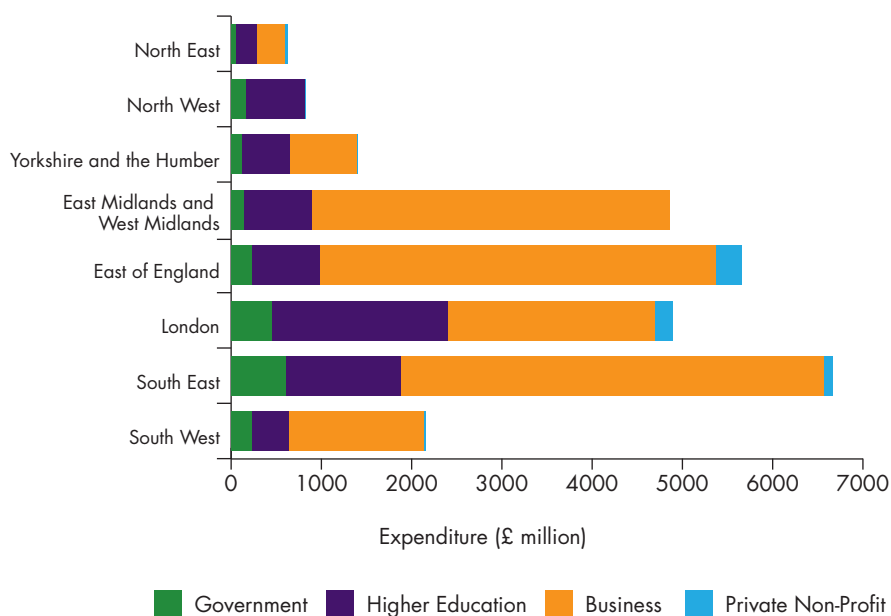
In Ohio, the *Third Frontier* early-stage investment programme has been part of local efforts to cultivate a start-up ecosystem. The state-wide network provides access to business expertise, mentorship, capital and talent. It has spawned a number of other initiatives too, for instance an Opioid abuse prevention and treatment technology initiative which accelerates the development and commercialisation of new products.

Developing innovation excellence

Government's industrial strategy introduces a number of new initiatives to increase public and private investment in research and development. It commits to increasing R&D investment to 2.4 percent of GDP by 2027 and 3 percent of GDP in the longer term.

Most important to local industrial strategies is the challenge of building on places' existing strengths and opportunities to develop networks of local innovation excellence. The industrial strategy introduces the place-based £115 million Strength in Places Fund which will support places, especially through local universities, to develop and scale up clusters of local innovation.

Figure 20: Regional breakdown of expenditure on R&D in the UK, by sector, 2016⁶⁶



The Strength in Places Fund is a step forward in responding to the significant differences in R&D expenditure across England, illustrated by figure 20. Informed by their evidence bases and Science and Innovation Audits, local industrial strategy areas should prepare plans in accordance with the prospectus for the

⁶⁶ ONS (2018): UK gross domestic expenditure on research and development: 2016

Strength in Places Fund to create advantageous conditions for sector-specific innovation clusters.

The role of business in this process is especially important. As we note in our 2017 report *The Making of an Industrial Strategy*, universities and other local industrial strategy partners should encourage large companies to locate parts of their supply chain close to the university, as opposed to commercialising research themselves (which universities tend to be poor at).⁶⁷

For some places the most important challenge may simply be better connecting with existing local businesses who already have large R&D facilities. In Essex for instance, an ambition of the local industrial strategy will be encouraging a major local manufacturer to invest in and implement new technologies in soon-to-be built garden settlements across the county.

Harnessing the spending power of local anchor institutions

The potential for places to use the spending power of anchor institutions to support the local economy is gaining traction across the world. In England, Preston is commonly pointed to as a leader in this regard.⁶⁸ It is common practice in other places too. In London, for instance, the GLA's response to the industrial strategy green paper notes its £11 billion annual spending profile and the authority's role in procuring responsibly.⁶⁹ East Sussex and Surrey county councils' joint procurement strategy includes a "Focus on increasing our spend with local suppliers across all categories, with a particular emphasis on developing local supply chains in sectors that will deliver the biggest impact on economic growth, including employment and skills opportunities, over the longer term."⁷⁰

Where they are not already, anchor institutions – namely, local government, universities and the local NHS – should look to leverage their assets and role in the local economy for the benefit of their place's businesses and residents. In this regard, work by the American think tank Democracy Collaborative, informed by the experience of Cleveland, is instructive. Approaches should begin to "intentionally apply an institution's long-term, place-based economic power and human capital in partnership with community to mutually benefit the long-term well-being of both."⁷¹ And their approach should be based on three principles:

- **Local hiring.** Employing local residents in quality, high-demand frontline jobs and supporting them to advance up career pathways within the anchor institution.
- **Local sourcing.** Better connecting local businesses to existing contracting opportunities provided by the anchor institution by, for example, making them more aware of those opportunities and requiring majority-minority contracts and sub-contracting to local businesses.
- **Place-based investing.** Focusing investments on projects with positive social and environmental impacts (something mostly relevant to universities in England).

In a place like Canterbury, where 38.7 percent of employees (25,000 out of 64,525) work in public administration, education and health and social care,⁷² an aligned strategy for harnessing the economic power of anchor institutions would have a significant impact on the local economy.

⁶⁷ Localis (2017) - *The Delivery of an Industrial Strategy*

⁶⁸ *The Economist* (2017) - Preston, Jeremy Corbyn's model town

⁶⁹ GLA (2017) - Mayor of London's response to the Industrial Strategy Green Paper

⁷⁰ East Sussex County Council and Surrey County Council (2015) - *Procurement Strategy*

⁷¹ Democracy Collaborative (2017) - *Anchor Institutions Building Community Wealth*

⁷² Author's analysis of the 2016 Business Register and Employment Survey.

A local employment charter

Places should seek to introduce initiatives and procurement policies that uprate national regulation and better serve the local workforce. Primary to this should be the introduction of a local code of practice coordinated by employers, workers and the local state.

In Scotland, for instance, the Fair Work Convention is an independent body that has put together a Fair Work Framework. The aim of the framework is to establish a set of guidelines by which workers and employees can refer and abide to.⁷³ Similarly, the Greater Manchester Combined Authority is developing and implementing a 'Good GM Employers' Charter'. Like in Scotland, the charter will set the principles of 'good employment'. It is co-designed with local employers and encourages them to use their practices and supply chain to promote 'good work' across the city-region.⁷⁴

We believe all local industrial strategy areas, either on their own or in partnership with other areas, should seek to introduce advisory, non-statutory standards on 'good work'. Standards should be developed in partnership with all partners with the aim of encouraging local businesses to meet the local standards. The charter could cover a number of areas which we touch on in this report:

- **Wages.** Local charters should encourage local business to commit to paying the Living Wage. In places with particularly high costs of living, councils may want to work with the Living Wage Foundation to establish a local living wage, as is the case in London.
- **Investment in-work training.** Local charters should set benchmark target levels of investment in in-work training.
- **Hours and leave.** Charters could also recommend providing discretionary leave to those not legally-entitled to paid-annual leave. Another initiative that could be encouraged would be a 'local bank holiday'.
- **Workers on boards.** After government's plans failed to materialise, places could take the lead and recommend that employers introduce workers on boards to improve terms and conditions for employees.

Although guidelines are simply that, as IPPR have recognised, the state can incentivise their adherence through embedding those standards in procurement policy and by offering tax cuts for accredited firms. IPPR argue for this on a national scale, however we believe local industrial strategy partners can lead the way in their places too. Constituent councils could amend their procurement policies to take account of the local charter.

3.3 Commercial commons strategy

Whether a city centre, suburb or town, the assets and perceptions which make its commercial hub attractive should be a key component of local industrial strategy. Both are intrinsic to attracting (or repelling) people and jobs but also to the happiness and wellbeing of residents. If local industrial strategies are to improve the prospects of failing places, a focus on addressing their physical and perceptual constraints to growth is an important fixture.

Strategies centred on a place's *commercial commons* tend to be put together by district councils. This is not wrong, nor should it stop, however, with the funding opportunities and partnerships that they can bring, there is a powerful role local industrial strategies can play in regenerating a place and its economy; focusing on the interventions that can be made to facilitate people and investment into town and city centres.

73 Fair Work Convention (2016) - Fair Work Framework

74 GMCA (2017) - GM Employer Engagement Framework: Implementation

Repurpose over revolution

Places should build on, or repurpose, their existing assets rather than attempt to engineer something they are not. People discriminate in where they choose to live. Businesses discriminate in where they choose to locate. When it comes to attracting people and investment, place's industrial strategies should be rooted in an understanding of the trade-offs people and firms make in these locational decisions.

What makes a place vibrant?

Strategies should be based on an understanding of what characteristics people and investors like most in a place. This should be from a point of arrival – be that the aesthetic of the train station or the majesty of the skyline – to the environment and identity of the hub itself – for instance, are the buildings and public spaces accessible, green, safe, beautiful, used at day and night?

Strategic leadership

Strategies should enable people and coalitions of people to deliver transformative change across a place. This means supporting long-term commitments through action and investments. Garnering democratic support in the face of parochial objection. Connecting them to land and investment opportunities. And ensuring projects are placed on a long-term financial platform.

Infrastructure financing

A key facet of all local industrial strategies should be the improvement of local infrastructure capacity. Whether big, for instance improvements to roads newly designated in the Major Road Network, or small, for instance the expansion of train station car parks, local industrial strategies are a new conduit to planning and financing infrastructure improvements. As well as integrating improvements with existing networks. As government makes clear in its strategy, local industrial strategies will be a tool by which places can “identify their infrastructure needs” and “work with central government to deliver them.”

In an already blurred landscape, local industrial strategies add another layer of complexity to decisions concerning local transport policy and its funding. In some places, for instance, there is confusion at a senior officer level about whether a LEP is the deciding authority or the sub-national transport body. For all transport bodies, there is concern about the future size of any post-Brexit structural funding pot.

New models of infrastructure funding.

Yet, for places that take the chance, local industrial strategies can be a step forward in their approach to financing infrastructure. As one interviewee identified, local industrial strategies are a conduit through which new discussions can happen and through which the case for new infrastructure can be made in a coordinated manner that speaks to the aims of the government:

Firstly, by improving the standards of bids for grant funding. Bids for infrastructure improvements should be couched in terms of delivery against local industrial strategy aims with a clear cost-benefit analysis. The reality is some LEP/ local transport body areas, typically rural, miss out on infrastructure financing because their bids are so poorly constructed.⁷⁵ For their part, government has altered its infrastructure investment strategy to take account of industrial strategy aims in a ‘Rebalancing Toolkit’, for instance reducing regional inequalities in prosperity.

Second, the industrial strategy and accompanying announcements have increased the number of grant funding opportunities available for infrastructure improvements:

⁷⁵ Interviewee – senior civil servant

- The £1.7 billion Transforming Cities Fund, allocated half competitively and half to mayoral combined authority areas, will fund projects that improve connectivity and reduce congestion.
- The Shared Prosperity Fund, which government is currently consulting on, will replace EU structural funds after Brexit – which has funded a number of infrastructure schemes – and will be “designed to reduce inequalities between communities” and deliver against industrial strategy aims.⁷⁶
- Government’s *Transport Investment Strategy* announced it would begin to fund improvements to strategically important A-Roads (the Major Road Network).
- The National Productivity Investment Fund has been extended to 2022/23 and increased from £23bn to £31bn.

Thirdly, local industrial strategies should be a catalyst to think creatively around, and approaching HM Treasury and DfT with, proposals for greater local flexibility in raising the capital for infrastructure. This could be the creation of new levies. Crossrail, for instance, was part-funded by a supplementary business rates levy which is expected to raise £4.1bn and a £600m bond issued by the GLA. Each of these options are within the capacity of local industrial strategy areas (although Crossrail itself required its own parliamentary bill). In Denver, the FastTracks infrastructure improvements have been financed by a 0.4 percent sales tax increase, approved by voters in the eight counties set to benefit. It could also be innovative loan repayment models. Places could pilot new models of land taxation to finance new infrastructure. Or develop land themselves, providing commercial rent returns.

Connecting high-skill, high-wage places to low-skill, low-wage places.

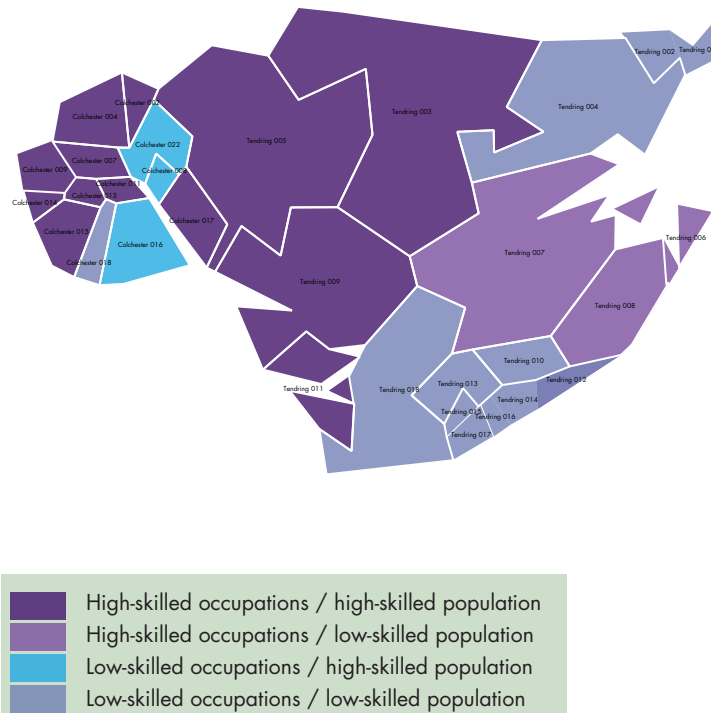
A key focus of infrastructure strategies put forward in local industrial strategies, important to securing government backing, should be connecting high-skill, high-wage places to low-skill, low-wage places. An illustration of this is shown by figure 21.⁷⁷ Colchester is a high-skill, high-wage place, Clacton and Harwich are low-skill, low-wage places. Enhancing the infrastructure capacity of this corridor, namely its rail and road links, would provide greater opportunity to people in Clacton and Harwich.

We have applied this framework at a local level. However, the principles hold at bigger geographies, for instance inter-city transport, too. The point is that places should view their infrastructure strategies at a number of levels.

⁷⁶ Conservative Party 2017 General Election manifesto

⁷⁷ The map shows how people with different qualifications and occupations cluster in different places. Using 2011 Census data for Middle-layer Super Output Areas (MSOAs) – MSOAs are small units with a maximum population of 15,000 residents, or 6000 households – across Colchester, Clacton and Harwich, it plots the percentage of the population holding an NVQ above level 3 against the percentage of population working in skilled occupations. A four quadrant equilibrium was then created and illustrated on the map. See Appendix for a graph illustration. Occupational data is used as a proxy for wages because wage data is not available at MSOA level.

Figure 21: Workforce vs. jobs skills equilibrium by MSOA in the North East Essex Peninsula (2011)



Source: 2011 Census via Nomis UK

Space curation

For centuries, private and public organisations have curated public spaces across the country. Thomas Cubitt and the Grosvenor Estate curated much of central London that people find beautiful today. Universities have curated whole districts of cities which attract significant numbers of visitors. The Docklands district of London was regenerated by public and private investment alongside a tailored planning regime.

In North America, curation frequently forms an implicit part of modern local economic strategies. In Toronto, the city is partnering with Sidewalk Labs, a unit of Google's parent company Alphabet, to redevelop the 12 acre waterfront district.⁷⁸ The area will be a test-bed for 'smart city' initiatives and the intention is to develop a larger area in the future. In Cincinnati, the Cincinnati Center City Development Corporation (3CDC) has redeveloped a part of the city previously run-down. The Mayor abolished the local planning department and, using seed funding from first the local business committee, second individual companies struggling to employ high-skilled people, and third federal grant programmes, 3CDC regenerated the Over-the-Rhine neighbourhood by a masterplan and renovating existing buildings and building new ones.⁷⁹

Partnerships between the public and private sectors can be an effective means for attracting investment and people to an area and bridging an old economy with the new. In Essex, for instance, the garden communities under development could be promoted as an opportunity to develop new technologies in a way similar to Toronto and Google. Similarly to how government is trialling '5G testbeds' across the country, this would be a locally-led effort to support self-sufficiency in the local economy and curation of the place in a novel way.

⁷⁸ The Globe and Mail (2017) - Google's Sidewalk Labs signs deal for 'smart city' makeover of Toronto's waterfront

⁷⁹ Politico (2016) - How Cincinnati Salvaged the Nation's Most Dangerous Neighborhood

We believe public-private collaborations can be a powerful tool as part of local industrial strategies. Places have a number of options:

Planning-led. Government has recently granted local authorities the powers to establish development corporations. Like in Docklands, places can take ownership of land, establish tailored planning and tax regimes across an area to attract investment and engineer physical renewal. Coupled with this, the Housing and Planning Bill 2016, specifically the Lucas Clause, allows the local planning authority to request the Secretary of State that they can make a 'planning freedoms scheme'. This, in effect, allows places to use an alternative land regulatory approach.

In places where current regimes are failing, places should look to introduce time-limited development corporations in partnership with businesses, universities and/or other civic institutions. Places could invite organisations to submit bids outlining how they would regenerate the area. This could be tied with local – and, in partnership with government, central – tax discounts across the area (as discussed towards the end of this chapter).

Finance-led. To raise capital investment for specific redevelopment schemes, using their brand, and the investor confidence this inspires, government and strategic authorities should look to sponsor new real estate investment trusts (REITs). Popular in the USA, REITs channel public and private investment into area-specific residential and commercial property development. Homes England, then the Homes and Communities Agency, has already directly invested £25 million in a PRS REIT. It floated on the London Stock Exchange earlier this year and, helped by the confidence of Homes England's backing, the REIT raised the target £250 million and was heavily oversubscribed. Government, in partnership with local industrial strategy areas, should seek to utilise REITs more.

Tackling air toxicity

The toxicity of urban UK's air is increasingly well-known. Last year, research showed forty-four of the country's cities and towns had air considered too dangerous to breathe by the World Health Organisation.⁸⁰ Air pollution has a significant impact on people's health – particularly respiratory and cardiovascular diseases – has economic, as well as social, costs: the Royal College of Physicians estimate ambient pollution causes over 6 million sick days at a cost of £22.6 billion per year.⁸¹ Added to this is the economic cost of congestion, estimated to cost the UK economy £307 billion from 2013 to 2030,⁸² and the impact dirty air has in repelling people to live or visit a place.

The lesson should be clear: complementing the forthcoming national clean air strategy, measures to address air pollution should form a key part of local industrial strategy. Places have a number of intervention options – and, through Clean Air Zones (CAZs), government is taking a much stronger line on interventions being introduced – and where they are not within their legislative capacity, places should approach Defra.

80 Royal College of Physicians (2017) - Research shows 44 UK cities breach World Health Organization guidelines on air pollution

81 Every Breath We Take report

82 CEBR report, via: Business Insider (2017)

Intervention	Description	Within place's legislative capacity?
Clean Air Zones (CAZs)	Defra and DfT describe a CAZ as "an area where targeted action is taken to improve air quality and resources are prioritised and coordinated in order to shape the urban environment in a way that delivers improved health benefits and supports economic growth." ⁸³	Local authorities are already directed to have feasibility studies and business cases for Clean Air Zones by the end of 2018. ⁸⁴ The Secretary of State will be able to require local authorities to implement charging CAZs by statutory instrument.
Workplace Parking Levy (WPL)	A WPL enables local authorities to charge businesses for every employee who parks in the area. It is in effect a licensing scheme that allows office owners to pay for a licence to park up to a maximum number of vehicles. ⁸⁵ The chargeable unit is determined by the local authority.	The Transport Act 2000 allows local traffic authorities, outside of London, to introduce a WPL. The scheme was first introduced in Nottingham and its introduction is being explored in Manchester and Cambridge. In Nottingham, revenue raised by the levy has been used to invest in the local transport network.
Congestion charging zone	<p>A congestion charge is a fee charged on most vehicles which drive within a designated zone in a designated period.</p> <p>The charge is only currently only in operation in London where it is paid at a flat daily rate (currently £11.50). As the GLA's Transport Committee has recommended, a congestion zone could operate by usage (as opposed to a flat rate).⁸⁶</p>	<p>The London congestion charge was introduced in 2003, after the Greater London Authority Act 1999 provided the mayor the power to introduce "Road user charging". No combined authority appears to have the power to introduce similar charges, however the legislation could be amended as part of local industrial strategy agreements. For instance, the Mayor of West Midlands has said it is something he would like to introduce.⁸⁷ As part of its CAZ, Leeds City Council is seeking to introduce an emissions charge.⁸⁸</p>

⁸³ Defra (2017) - Clean Air Zone Framework

⁸⁴ Defra (2017) - UK Plan for tackling roadside nitrogen dioxide concentrat

⁸⁵ House of Commons Library (2012) - Roads: Workplace Parking Levy (WPL)

⁸⁶ London Assembly (2017) - London Stalling

⁸⁷ Birmingham Post (2017) - Birmingham will 'have to bring in' congestion charge

⁸⁸ Centre for Cities (2018) - How can UK cities clean up the air we breathe?

Low/zero emissions zone	Similar to congestion charging, higher-polluting vehicles pay a daily charge when entering the designated zone.	A number of low emission zones have been introduced in London, alongside the T-charge and plan for an Ultra Low Emission Zone. Oxford City Council is looking to introduce a zero emissions zone, banning petrol and diesel cars from some parts of the city. ⁸⁹
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Connectivity across a place

The ease of transporting people and goods across a place, by public or private means, is important to its economy and wellbeing. Local industrial strategies should include interventions that further the local transport systems' efficiencies and people's capacity to use them.

Firstly, regional control of buses. The Bus Services Act 2017 provides city-regions with an elected mayor the opportunity to introduce a franchising scheme. Franchising allows the local transport authority to regulate prices, routes and their frequencies, ensuring bus services support the local economy. Within this, places adopting the franchising model will be required to introduce an Oyster-card style integrated payment system.

The impact of the bus franchising model in London has been immense, allowing the GLA to develop a network which is more efficient and where they control the price-point of services. Imagine, for a moment, a London – its economy and lifestyle – where it cost five pounds to use the bus, as a similar half-hour journey from A to B costs in a rural area? While London has benefited from bespoke powers, bus services in the rest of the country have been characterised by market failure after being deregulated in the 1980s. A 2011 report on local bus services outside of London and Northern Ireland by the Competition Commission concluded that “head-to-head competition in the supply of local bus services”, which deregulation was introduced to achieve, “was uncommon”.⁹⁰

Industrial strategy is not a normal arena for bus service policy. Often they take a back-seat, with trains at the fore of discussion instead. Yet they should be. We believe all mayoral-combined authorities should include bus regulation as part of their local industrial strategies. For non-mayoral areas, government has not provided powers to introduce the franchising model. This is a mistake. It makes little to sense to limit places to apply well-understood policy remedies. It can be remedied if the Secretary of State allows the local county council leader to be held to account for bus services. Place should approach DfT with proposals to show how the model will meet local economic and social needs. And given the reliance of older people on local bus services, particularly in non-metropolitan areas, they should also look to engage with the Department of Health and Social Care too.

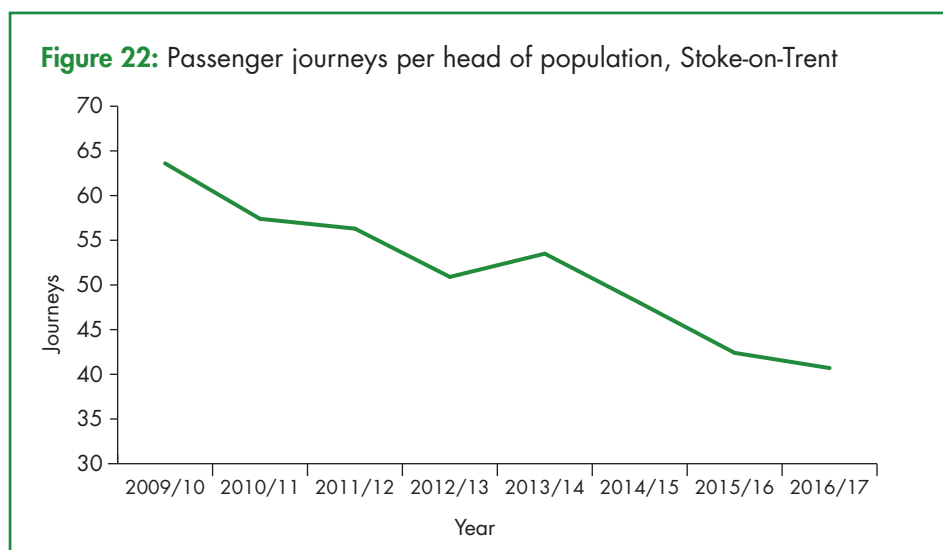
Secondly, in places with run-down town centres, all bus journeys ending in the town centre, starting from within the local authority, could be free. In a place like Stoke-on-Trent, this could be a lifeline to a multi-centre economy. The number of passenger journeys per head of population is in long-term decline and so are its town centres: the town of Burslem is reported to have the country's emptiest high street with a third of all shops vacant.⁹¹

⁸⁹ Centre for Cities (2018) - How can UK cities clean up the air we breathe?

⁹⁰ Competition Commission (2011) - Local bus services market investigation

⁹¹ The Sun (2017) - Britain's emptiest high street revealed where a THIRD of all shops lie empty – the latest victim of the relentless rise of internet shopping

Source: Department for
Transport bus statistics



Since 2007, government has funded free bus travel for disabled people and over 60s – although critics say funding allocations are inadequate to cover costs – and we believe there is a strong industrial strategy case to fund pilot schemes for all people in places seeking to regenerate their town centres.

- This could be done by amending the 2007 Bus Concessionary Act to include a clause allowing free bus travel in places deemed to qualify. The travel concession area, which is the upper-tier authority, would then develop the scheme as part of the local industrial strategy and operators would be appropriately reimbursed.
- Or, as part of new bus franchising regulations, places could write the clause into the relevant tender document. Government could provide the funding to finance the block grant provided to the commercial operator running the line.

The impact of free bus travel in European and English cities

In Dunkirk the Mayor is in the process of introducing free bus travel to all across the city.⁹² After launching a free weekend service in 2015, whereupon ridership increased by 30 percent on Saturdays and 80 percent on Sundays, the scheme has been expanded to seven-days-a-week, starting in September 2018. The Mayor estimates missed fares to be around €50 million per year and the scheme has been funded by a half-percent increase in local business taxation.

In Tallinn, after a referendum, city residents have been provided free public transport since 2013.⁹³ The scheme has attracted more people to register for, and use public transport.

Closer to home, Transport for Greater Manchester provide free bus travel on its Metrolink services between the main rail stations, car parks, shopping areas and businesses in Manchester city centre, Stockport and Bolton. There is also free WiFi on these routes. Further, Transport for West Yorkshire (TfWY) provided free bus services in the towns of Dewsbury, Huddersfield and Wakefield, and reduced fares in Leeds.⁹⁴ TfWY say the schemes have reduced congestion and increased the number of shopping trips.

Thirdly, releasing open data sets. Where possible, all places should strive to make publicly available data it collects about its transport network. This should include, under an Open Government Licence, live arrivals, timetables, accessibility and more. The explicit aim of open data sets should be the facilitation of it being used for commercial and non-commercial purposes, namely the development of journey planning apps.

To varying extents, some places – typically urban local or combined authorities – already do this. However, most don't or fail to provide enough access (often not going beyond what is required of them in the 2014 Local Government Transparency Code). Government could amend the Local Government Transparency Code (2014) to include further provisions on open data sets for transport, however the reality is places should be proactive in increasing access and looking to attract private developers.

The impact of releasing open data sets

A report by Deloitte for Transport for London (TfL), referenced in the national industrial strategy, has evaluated the impact TfL's release of open data sets has had.⁹⁵ It found 11,000 developers have registered to receive open data sets which now power over 600 apps (e.g. CityMapper). Passengers have been able to save time by planning their journey better using associated apps and Deloitte estimates the open data release has realised savings of up to £130 million for travellers, London and TfL.

Regulation to facilitate town/city centre

Deregulation of the financial services industry facilitated radical changes and growth in the City of London and, later, Canary Wharf. Today the number of

⁹² CityLab (2017) - This Petite French Town Turned a Stadium Boondoggle Into Free Public Transportation

⁹³ CityLab (2017) - This Petite French Town Turned a Stadium Boondoggle Into Free Public Transportation

⁹⁴ West Yorkshire Metro (2018) - Free town and city buses

⁹⁵ Deloitte (2017) - Assessing the value of TfL's open data and digital partnerships

trades made in London-listed shares is more than forty-five times as many than before the industry's 'big bang' moment.⁹⁶ Both places have changed irrevocably and both are major contributors of jobs and taxes within the national economy.

Similarly, albeit at a smaller scale, local authorities, LEPs and RDAs have used zonal regulation and subsidy to facilitate the expansion of business and science parks in the urban fringe. Unlike the financial districts of London, this policy has been to the detriment of town and city centres. As Centre for Cities has noted, they incentivised location of economic activity away from town and city centres, they discouraged investment in commercial property in town and city centres; and, they attracted industries associated with low-skills and low-pay, for instance call centres.⁹⁷

The lesson of both examples is that regulation matters to town and city centres. For places wanting to attract people and jobs into a central hub, favourable regulation can be a useful tool. Although tax incentives are not the only factor determining business location decisions – nor are they the most important⁹⁸ – in some places it may be the only option to attract new investment. A number of interventions are possible. In Basildon town centre for instance, complementing the council's regeneration plans, the local industrial strategy could introduce a new business rate discount zone. The town centre suffers from a weak retail presence – a 2013 survey found thirty-one empty shops⁹⁹ – for which lower or no business rates could begin to reverse.

Intervention	Description	Within place's legislative capacity?
Pedestrianisation	Making an area accessible only by foot to make it easier to reach and a more attractive place to spend time. Pedestrianisation could be 24/7, or places could introduce time-limited pedestrianisation: for instance night time pedestrianisation (6pm onwards) or weekend pedestrianisation to support the respective night and weekend economies.	Yes – via local plan or regional spatial framework

⁹⁶ City AM (2016) - The Big Bang 30 years on: How the City of London has changed since 1986

⁹⁷ Centre for Cities (2015) - A century of cities: urban economic change since 1911

⁹⁸ Urban Institute (2016) - State Tax Incentives for Economic Development

⁹⁹ Basildon Echo (2013) - Town has shut up shop - Basildon traders claim they are crippled by high rents and rates

Evening economy zones	Alongside a night-time pedestrianisation, to expand the variety of culture available at night to residents, the local authority could designate an area where typically day-time premises (e.g. cafes and galleries) pay no application fee (up to £635 dependent on non-domestic rateable value) or annual charge (up to £350) for alcohol licensing. Within the designated area, the local authority could also waive pavement café license fees and, where necessary, introduce local development orders to automatically grant planning permission for any change of use.	Alcohol licensing is managed by the Home Office however local authorities manage pavement café licenses.
Business rates discounts	Like Enterprise Zones allowed business rate discounts up to 100 percent in the area they cover, ¹⁰⁰ places will be able to introduce similar zones themselves with business rates soon to be fully-retained.	Not yet but in the near future – although there is uncertainty about the exact framework and government has delayed the enabling legislation, local authorities will soon have freedoms to introduce business rates discounts in specific parts of their area.
Article 4 direction	Government's focus on increasing housing supply has come at a cost for commercial property. Permitted development rights were introduced allowing conversion from office-to-residential use without needing to apply for planning permission. An Article 4 direction can be issued by the local planning authority which withdraws permitted development rights within a certain zone.	Yes – via the local planning authority

Free trade zone	<p>Zone of (close to) zero taxation or tariffs. Government waives tax take for companies based – with a significant number of employees and activity – in the area. In Ireland for instance, the Shannon Free Zone was created in 1959. It provided “tax breaks and exemptions on value-added tax on imported goods and goods used for the production of exports. Corporate taxes were also cut.”¹⁰¹</p> <p>As the Centre for Policy Studies have argued, this could be centred on a port where “although inside the geographic boundary of a country, are considered outside the country for customs purposes. This means that goods can enter and re-exit the port without incurring usual import procedures or tariffs”.¹⁰² The Mayor of Tees Valley has asked the Chancellor to pilot the policy in their area.¹⁰³</p>	No – wholly in the power of HMT. However if there is to be a local Brexit bonus, this could be it.
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Changing perceptions

A common theme of places across the world that have successfully revived themselves has been a change in perception. In Bilbao, the opening of the Guggenheim Museum was a set-piece turning point in the city’s regeneration. In Medellin, the re-opening of the botanical gardens represented a step away from the narco-violence that characterised the city. In Denver, part of the city’s relentless focus on attracting millennials included legalising cannabis. In West Virginia, on a smaller scale, the village Harpers Ferry was designated a National Historical Park. This revitalised the community and, in a region of decaying towns, reversed its fortunes. Closer to home, Whitstable reoriented its economy away from fishing and towards its food and arts offer.

Cultural-led regeneration is not a panacea – the evidence is, at best, mixed – but history suggests an iconic intervention, or series of interventions that repurpose civic assets or create new civic value, can shift the narrative of a place towards being more attractive to new and existing residents and private investment. England’s places aren’t able to tailor drugs regulation as US states can, nor will every place get its Guggenheim. However there are a number of steps places can take to begin to shift the narrative of their place in their local industrial strategy.

Firstly, like in Amsterdam, places should identify the strengths and weaknesses in how they are perceived. Places should then decide on which traits they want to – and can – shift the dial.

¹⁰⁰ Worth up to £275,000 per business over a 5-year period

¹⁰¹ The Guardian (2016) - Story of cities #25: Shannon – a tiny Irish town inspires China’s economic boom

¹⁰² CPS (2017) - The Free Ports Opportunity

¹⁰³ Tees Valley Combined Authority (2018) - Chancellor Pressed On Post-Brexit Plan For Free Port As Mayor Wins Business Backing For A Pilot Project

Identifying Amsterdam

Amsterdam Partners, a public-private partnership, was tasked with shifting the perceptions of the city away from sex and drugs. To do this, they created a profile of people's perception of the city – on values such as canals, art and knowledge – and put in place targets of how they would shift perceptions. The research was based on interviews, questionnaires and a literature review with residents, tourists and businesses.¹⁰⁴

Secondly, determining which parts of a place's identity the local industrial strategy can address. This could be a typical rebranding exercise of an area, or, most radically, a name change. For example in 2012 the town of Staines changed its name to Staines-upon-Thames.

Thirdly, identifying key partners. This is likely to include universities, businesses, museums, theatres, public figures, libraries and community leaders. Particularly important, but often forgotten, is the role that politicians and colourful leadership can play in changing perceptions. A good example of this is Antanas Mockus in Bogota.

Inventive leadership in Bogota

Antanas Mockus, elected Mayor of Bogota in 1995, saw the city as "a 6.5 million person classroom."¹⁰⁵ He introduced a number of innovative reforms:

- 420 mimes were hired to control traffic, with the rationale that Bogotans were more afraid of being mocked than fined
 - A 'Night for Women' was launched with the city's men asked to stay home in the evening and care for respective children
 - In periods of water shortages, the Mayor filmed TV adverts of himself taking a shower and turning the water off as he soaped, asking city residents to do the same
 - 350,000 'thumbs down' and 'thumbs up' cards were provided across the city. The intention was for residents to rate each other's behaviour.
 - A voluntary levy was introduced which 63,000 people opted to pay
- The lesson is that colourful and inventive political leadership should be a key fixture of local industrial strategies too.

104 <http://www.iamsterdam.com/~media/PDF/the-making-of-the-city-marketing-definitief.pdf>

105 <https://news.harvard.edu/gazette/story/2004/03/academic-turns-city-into-a-social-experiment/>

4. Challenges of developing a local industrial strategy

The first places to agree local industrial strategies with government are set to be the West Midlands, Greater Manchester and the Cambridge-Oxford corridor. A number of other places are also making progress in developing their industrial strategies. Government has said areas of highest growth potential will be prioritised in the next wave of local industrial strategies to be agreed.

While many places are making progress in developing their local industrial strategy, a significant number are stalling. Worryingly, these are often the places in most need of a decisive and effective local industrial strategy. There are uncertainties in the ownership of local industrial strategies, their geographies and whether a strategy will be put together that delivers new value above what existing strategies already provide.

The onus is on places and their civic leaders, working with the local business community, to bring forward local industrial strategy plans to government. However government can increase capacity to facilitate more strategies to be agreed to be better timed with the country leaving the EU should it choose to do so. To that end, throughout our conversations with civil servants and those developing local industrial strategies, a number of common themes and challenges are arising as they are developed. We detail them in the rest of this chapter.

4.1 Planning to scale

The first challenge of delivering a local industrial strategy is deciding what geographies to plan for and how that relates to other strategies:

The geography of local industrial strategies

In the national strategy, it is written that local industrial strategies should be developed and led by mayoral-combined authorities and LEPs. For some areas, the geography question has an obvious answer. In others, typically those without a mayor, the answer is less clear. One cause of this is that many LEPs and associated partners do not know whether they will be the same organisation after the review is published in May. Another is that some people do not always have confidence that LEP boundaries are the appropriate unit for economic planning.

As we write in the introduction, local industrial strategies do not need to operate on one geography. Each of the interventions that make up a local industrial strategy will operate at different spatial levels and with different partners. Moreover, although government is only likely to agree one local industrial strategy for an area, this does not preclude other local partners writing their own on a different geography. This could be at a higher geography – each MCA/LEP area in the Cambridge-Oxford corridor will also agree to an overarching local industrial strategy for the corridor. And it could be at a smaller geography

– non-mayoral strategic authorities should consider writing their own local industrial strategy too. This should feed into their wider local industrial strategy, but government should also show flexibility in engaging with it too.

Planning for places

Local industrial strategies also have to determine how individual places, corridors and sub-regional collaborations are supported within their boundaries.

This can be bottom-up. Cambridgeshire and Peterborough, for instance, will “develop a programme of Masterplans for every Market Town in the county as part of the mechanism to turn the local industrial strategy into realisable delivery plans.”¹⁰⁶ And it can be in collaboration with government. The industrial strategy outlines their intention to agree more Town Deals – the first of which was announced with Grimsby.

Some areas will also want to promote and support places without defined boundaries. This could be on a smaller scale, for instance the A120 Enterprise Corridor in Essex which connects Harwich Port and Stansted. And on a larger scale, in tandem with government, for instance the Innovation Corridor of London, Stansted and Cambridge, encompassing sixteen local authorities, London and three counties, and four LEP areas.

And, for places that are part of government’s sub-regional growth agendas, the Northern Powerhouse and Midland Engine, there is a question of to what extent policy responses can be developed across the regions – inter-city transport, for example – and to what extent a brand can be leveraged to attract foreign investment.

Working with other strategies

In a number of places – especially two-tier areas – economic development strategies compete in a crowded space. Local authorities and businesses have to work their way through a number of strategies and bodies. It is not always clear which will offer the most value to achieving their objectives. In this regard, the local industrial strategy’s relationship with the SEP is important and a key fixture of our research. More times than not, the question was: how are they different? We outline five key differences in the introduction to this report. However, because places’ initial approach to their local industrial strategy seems to be determined by their approach to their SEP, it is worth summarising the approaches common across England:

- **Full steam ahead.** Some places are abandoning the SEP process. Leeds City Region’s SEP will be replaced by the local industrial strategy.¹⁰⁷
- **Delayed.** Some places are seeking to refresh their SEP before developing their local industrial strategy. Coast to Capital LEP, for instance, notes the goal of its new SEP is to put itself “in a strong position to negotiate a Local Industrial Strategy”.¹⁰⁸
- **What’s the point?** Some places see little point in writing a local industrial strategy when they believe all points are covered in their SEP.
- **Others taking the lead.** Some strategic authorities are writing their own local industrial strategies, alongside being a part of their local LEP’s strategy.

4.2 Capacity

The second challenge of delivering a local industrial strategy is building capacity locally and centrally to agree and deliver effective strategies:

106 Cambridgeshire and Peterborough Combined Authority (2017) - Budget 2018/19 Consultation

107 West Yorkshire Combined Authority (2017) - Local Inclusive Industrial Strategy

108 Coast to Capital LEP (2018) - Draft Strategic Economic Plan

Institutional capacity to deliver strategies

The capacity of mayoral-combined authorities and LEPs to deliver effective local industrial strategies is an issue regularly raised both inside and outside the organisations. Mayoral-combined authorities, while showing early signs of success, are still nascent organisations navigating new legislative landscapes. This is true even in Greater Manchester, the oldest combined authority which also had the advantage of operating in shadow form before the Mayor's election. Government has provided mayoral-combined authorities a £12 million capacity fund for 2018/19 and 2019/20 – so around £1 million each per year – however this is seen to be deficient in what is required to deliver effective local industrial strategies.

For LEPs, the issue of capacity is more acute. A recent LSE paper on industrial strategy highlights “concerns that they lack sufficient resources, and the incentives to invest in projects for long-term development.”¹⁰⁹ These concerns were regularly repeated throughout research, by civic leaders and businesses. In some areas, there seems to be little confidence that the local LEP will be able to deliver a local industrial strategy.

Concerns tend to centre on two themes:

- **Finance.** Although they are of different sizes and quite varied in organisational structures – some resemble membership bodies, some resemble economic consultancies – each receives the same amount of capacity funding. This hampers LEPs serving bigger geographies and bigger populations.
- **Capability.** The reduction in resources which accompanied the shift from RDAs to LEPs, alongside sustained reductions in local authority budgets, has resulted in a much-reduced policy and strategy function at the local level. As Nesta has recently written, “the abolition of the RDAs and the slow emergence of some LEPs has left a vacuum in local economic policymaking.” Local industrial strategies demand a policy development function.

To these ends, we welcome government's announcement that “additional financial resources [will be made] available to Local Enterprise Partnerships that demonstrate ambitious levels of reform”. Resources will be allocated after the review of LEPs roles and responsibilities to provide “a more clearly defined set of activities and objectives”. However, at the same time, it is vital that government provides *all* LEPs with greater financial support. For local industrial strategies to be wider and more effective than SEPs, LEPs need to be financed accordingly.

Government's capacity to agree strategies

As post-Brexit plans for economic growth and the improvement of local living standards, we believe it is essential every part of England agrees a local industrial strategy with government in a reasonable timeframe. The UK is set to leave the European Union in March 2019, so a reasonable timeframe would be within the transition period – which ends on 30th December 2020. This would provide places and government just under three years to avoid a ‘no deal’ scenario.

At the time of writing, a significant number of places – often those most in need of an effective local industrial strategy – are unlikely to have local industrial strategies agreed by the end of the Brexit transition period. This is a function of local hesitancy but also government decision. Politicians and the civil service can choose to agree more local industrial strategies at a faster rate if they want to. As we argue throughout this report, local industrial strategies have to have much bigger ambitions and achievements than SEPs, yet government has not yet committed the necessary resource to achieving that. This is one of the biggest challenges to the delivery of the national industrial strategy and, like the civil service was expanded to deal with negotiating Brexit, needs addressing.

109 LSE (2017) - The UK's New Industrial Strategy

4.3 Operation

The third challenge of delivering a local industrial strategy is preparing places and their civic leaders to take more responsibility for the economic stewardship of their area. Largely because they are not empowered or directed to, some of the way the local public sector operates will need to shift to become more focused on growth and prosperity.

The role of strategic authorities in local industrial strategy

Without strong engagement and leadership from strategic authorities, there is a real danger of gaping inequities in the efficacy of local industrial strategies. In mayoral areas, the combined authority is already embedded into the local industrial strategy process. The mayoral model allows “quicker decision-making and delivery” than the LEP model, as one LEP chief executive put it. In non-mayoral areas, it is up to county councils to come forward and play a strong role in delivering their place’s strategy.

Strategic authorities bring a delivery function to local industrial strategies – a number, almost all, interventions put forward in this report require delivery by the local or central state. They also bring a vital democratic accountability to the strategies and interventions. As one interviewee said, “LEPs lack the accountability to say ‘no’ to local industries when they ask for support. This hampers strategic decision making.”

In areas of historic joint-working, little will need to change. In others, it should mean strategic authorities taking a more powerful line on its vision for the economy and region. This should mean extensive engagement of the strategic authority in the development and delivery of the local industrial strategy, with many of the functions and initiatives done by the strategic authority rebadged under local industrial strategy. In places which government’s forthcoming review reveals to lack capacity at LEP level, this could mean the strategic authority taking responsibility for agreeing the local industrial strategy with government.

Further, to enable places to take more responsibility for local prosperity, government should take two steps:

A greater emphasis placed on strategic authorities to promote economic development. Like mayoral combined authorities and non-mayoral combined authorities have functions and responsibilities specific to promoting economic development in their areas, government should more clearly identify the role of strategic authorities to do the same.

A General Power of Economic Competence. With more responsibility for the local economy should come greater legal freedoms. The General Power of Competence should be amended to introduce a presumption in favour of strategic authorities being permitted to raise revenue when it is tied to achieving local industrial strategy outcomes. This could enable the models of infrastructure-financing we propose in section 3.3 — however, other levies such as tourist taxes and airport passenger levies may also be appropriate. As an illustration of what is possible, the table across the page models the revenue an airport passenger levy of £1, £2 or £3 could raise for strategic authorities.

Airport	Strategic authority area	Terminal passengers, 2016	Approximate annual funding raised by airport passenger levy		
			£1	£2	£3
Heathrow	London	75,005,764	£75,005,764	£150,011,528	£225,017,292
Gatwick	West Sussex	40,396,103	£40,396,103	£80,792,206	£121,188,309
Manchester	Greater Manchester	23,196,787	£23,196,787	£46,393,574	£69,590,361
Stansted	Essex	22,690,098	£22,690,098	£45,380,196	£68,070,294
Luton	Bedfordshire	12,425,557	£12,425,557	£24,851,114	£37,276,671
Birmingham	West Midlands	10,236,578	£10,236,578	£20,473,156	£30,709,734
Bristol	West of England	6,829,111	£6,829,111	£13,658,222	£20,487,333
Newcastle	Tyne & Wear	4,558,229	£4,558,229	£9,116,458	£13,674,687
East Midlands	Leicestershire	4,454,010	£4,454,010	£8,908,020	£13,362,030
Liverpool John Lennon	Liverpool City Region	4,347,589	£4,347,589	£8,695,178	£13,042,767
London City	London	4,318,529	£4,318,529	£8,637,058	£12,955,587
Leeds Bradford	Leeds City Region	3,452,684	£3,452,684	£6,905,368	£10,358,052
Southampton	Hampshire & Isle of Wight	1,773,597	£1,773,597	£3,547,194	£5,320,791
Southend	Essex	900,333	£900,333	£1,800,666	£2,700,999
Doncaster Sheffield	Sheffield City Region	868,600	£868,600	£1,737,200	£2,605,800

Funding local industrial strategy interventions

While it is essential local industrial strategies are not constructed as bidding documents – otherwise any sense of vision is diminished – each intervention must have a clear articulation of how it will be funded. To this end, alongside new revenue-raising powers we propose above, the industrial strategy brings with it a number of new funding streams. For instance, the Strength in Places Fund, the Transforming Cities Fund and the Industrial Strategy Challenge Fund. It also extends the National Productivity Investment Fund to 2022/23 with £8 billion extra funding.

Most important to places such as Cornwall and the Isles of Scilly, which is heavily-reliant on EU structural funding – namely, the European Regional Development Fund (ERDF) and European Social Fund (ESF) – for financing projects such as new infrastructure, is the Shared Prosperity Fund (SPF). Government has confirmed the SPF will replace EU structural funding after Brexit and will consult on the fund's form and priorities this year. As written in the Conservative manifesto, the SPF “will help deliver sustainable, inclusive growth based on our modern industrial strategy”. In the context of local industrial strategies, the consultation should respond to the following concerns:

- **Local control.** To what extent will places be able to determine spending priorities? Will spending need to be agreed with central government?
- **Strings attached.** What national priorities will replace the ERDF and ESF's priority investment areas? For instance, EU structural funds prioritise supporting people outside the labour market into employment. This is not wrong, but it precludes supporting schemes that may be most important to improving productivity rates in an area, for example graduate retention in Nottinghamshire.¹¹⁰
- **Accountability.** Who will be the Fund's accounting officer? If it remains to be the relevant departmental permanent secretary, this would hinder places' capacity to use the funding flexibly.

Clear on what is in the gift of government, what is in the gift of places

In this report we have outlined where the local state already has capacity to enact interventions and where it will require government support (be that financial, legislative or other). As we have argued, places often have a great deal of legislative capacity that goes unused by all tiers of local government. Often this is because local authorities have a reduced strategic capacity (largely the result of smaller budgets).

Local industrial strategies should be a catalyst for using their legislative means more fully. To facilitate this, each intervention in a local industrial strategy should identify:

- What funding stream, if any, it plans to use
- The impact each intervention will have
- Which government department(s) may be able to support them
- Whether the intervention requires a transfer of powers or budgets
- Whether legislative change is required to deliver the intervention

Continual data and policy analysis

As we made clear early in this report almost all parts of a local industrial strategy should flow from a baseline of intelligence collected by the strategic authority and LEP. Whether that be analysis of existing industrial assets and emerging strengths, or identifying areas of weakness requiring investment, no local industrial strategy will be effective without a strong evidence base. (Or will it likely be agreed by government.)

Given the importance of data analysis to understanding risk management, and to supporting effective policy, it seems sensible that strategic authorities and LEPs seek to upgrade their research and data teams quickly. A number of strategic authorities and LEPs have established economic commissions to feed into their strategies — the Essex Economic Commission, for instance. This is important, but a successful local industrial strategy will be long-term and regularly revisited. This requires a constant data and policy capacity.

Useful to this is a close dialogue with government and the Office for National Statistics (ONS). Greater Manchester Combined Authority, for instance, has agreed a memorandum of understanding with the ONS to collaborate: they are supporting staff development in understanding metrics, their availability at local geographies and GM's research team will become, eventually, ONS-credited. The Combined Authority is also establishing an independent panel responsible for guiding industrial strategy research and evaluation. As part of this, BEIS analysts are working alongside combined authority data analysts.

¹¹⁰ Interview

4.4 Buy-in

The fourth challenge of delivering a local industrial strategy is securing and maintaining buy-in of key local actors and agencies. Engagement with is vital for a number of reasons:

- **Delivery.** On a number of interventions, partnership will be vital.
- **Understanding and access.** Partners bring significant levels of expertise about the local economy and an experience in what works. They can also enable access to the people and businesses a local industrial strategy should try to influence.
- **Support.** By their nature, a mayoral-combined authority's local industrial strategy will have an owner. The mayor sets the tone, message and ambition for an area with their public platform. For non-mayoral areas, there is not always an obvious candidate, however strong engagement can provide a useful counterweight. This is particularly important because without public and political support, the strategy and/or its interventions may be blocked.
- **Thinking global.** As the country transitions to a new global trading framework, local industrial strategy engagement with relevant government departments and global counterparts is crucial.

Who?

Government partnership	<ul style="list-style-type: none"> • Most important and the first priority, as we write in the introduction, is securing government buy-in at an officer and political level. • This will be channelled through BEIS, but should include much stronger engagement with other government departments (e.g. DFIT, DfE). This requires effort from the local industrial strategy authors and relevant departments.
Anchor institutions	<ul style="list-style-type: none"> • Local councils • Local businesses • Higher education institutions • Further education institutions • Schools • Local NHS
Influencers	<ul style="list-style-type: none"> • Managing local MPs – who tend to latch onto it very late, worst they block it • Local chambers of commerce • BIDs – an under-tapped resource and good conduit to speak to businesses • Trade union regional offices
Targets	<ul style="list-style-type: none"> • Businesses from industries the place wants to expand • Venture capitalists, developers and pension funds • Public utilities and government agencies – e.g. Network Rail and Homes England • International investors – for which the figurehead of a mayor is particularly useful

National buy-in	<ul style="list-style-type: none"> • Having government buy-in via a Ministerial sponsor could be important, particularly where there is no obvious figurehead – e.g. Michael Heseltine and Liverpool • National bodies – e.g. CBI, FSB, TUC, EEF
Neighbours and competitors	<ul style="list-style-type: none"> • Neighbouring strategic authorities • Neighbouring LEPs • Similar places across the world

Securing support

Engagement could be achieved via consultations, inviting representatives to sit on relevant and policy strategy boards – for instance, in Canadian cities they have sector-based committees that bring together employers, unions and politicians to establish the key challenges facing their industries – or simply regular conversations. What matters is that it happens. Opposite sides of the argument need to be brought together or paths forward will not be found. The convening power of the local industrial strategy is as important as the strategy itself.

Maintaining support

As well as securing buy-in – we have outlined key partners below – places have to maintain it too. Key to this is devising a dual-track local industrial strategy. One that provides a long-term vision with accompanying sets of policies ambitions. And another that is easily-collapsible and recyclable, with a set of more immediate actions and priorities that evidence to partners that the local industrial strategy is a process by which things will be achieved.

The truth is any strategy brings with it only so much capacity, energy, goodwill and finance. One or two ‘quick-wins’ that set the tone of a strategy and encourage people to be engaged and more to be involved are important to achieving longer-term ambitions.

4.5 Evaluation

The fifth and final challenge of delivering a local industrial strategy is evaluating their basis and impact:

- **Initial self-evaluation.** Like government’s national strategy, MCAs and LEPs will find benefit in consulting on their draft strategies. In Hertfordshire, for instance, the LEP has established a one-year commission to gather evidence for its draft strategy to then be signed off by its board.
- **Ongoing self-evaluation.** MCAs/LEPs should have in place self-evaluation mechanisms as part of their data analytics. The strategy should set aims on where the dials must be moved and MCAs/LEPs produce regular reports on how they are doing.
- **Government evaluation.** A novelty of local industrial strategies is that they will be held to the light by government. Not only do they require government agreement, government will evaluate local industrial strategy documents and progress made in achieving their aims. The Industrial Strategy Council should hold local industrial strategy areas to account.

5. List of recommendations

Recommendations for the delivery of successful national and local industrial strategies

To deliver a successful industrial strategy, government should:

- Aim to agree a local industrial strategy with every part of the country by the end of the Brexit transition period. **To achieve this, we recommend government should direct more resource and attention towards agreeing local industrial strategies.**
- Enable all places to deliver effective and reforming local industrial strategies by:
 - Emphasising the importance of strategic authorities in leading and delivering the local industrial strategy where they are not already embedded into the process (i.e. areas without mayoral-combined authorities).
 - Clearly identify the role of all strategic authorities in promoting economic development, like how mayoral combined authorities and non-mayoral combined authorities have functions and responsibilities specific to promoting economic development in their areas.
 - Provide strategic authorities and LEPs with capacity funding appropriate to delivering against the aims of the national and local industrial strategies.
 - **In order to achieve this we recommend government amend the General Power of Competence to introduce a presumption in favour of strategic authorities being permitted to raise revenue when it is tied to achieving local industrial strategy outcomes. This would act as a new General Power of Economic Competence.**
- Aim to achieve stronger engagement with local industrial strategies across Whitehall, noting the importance of local economies to achieving departmental aims. Departments beyond BEIS and MHCLG should be further integrated into the process. **In order to achieve this, we recommend government issues departmental industrial strategy audits where individual departments report on their engagement with national and local industrial strategies.**
- Confirm local industrial strategies as a primary conduit by which places can achieve bespoke sets of powers and devolved budgets. **We recommend government include this in and publish the promised Common Devolution Framework.**

- Share more data on business transactions with places, for instance VAT receipts and information on local Apprenticeship Levy funds. It is too often the case that data potentially useful to local industrial strategy planning is held centrally and not released in a prompt manner or, when released, has no local breakdown. **We recommend government consult with local industrial strategy areas on local data gaps and work with them to resolve this issue.**
- Design the Shared Prosperity Fund to provide places control and accountability over its spending, in line with achieving their local industrial strategy priorities. **Therefore, we recommend as part of the Shared Prosperity Fund government consider making the relevant strategic authority Chief Executive the accountable officer for the funds held and spent in a local area.**

To deliver successful local industrial strategies, places should:

- **Prioritise taking their local industrial strategy forward ahead of other strategies, for instance the SEP. Where they have not already been tasked to do so, strategic authorities must look to lead the delivery of the industrial strategy in their area. By working with the local LEP to agree a local industrial strategy with government. And by producing their own.** Localis will soon be publishing work on delivering the industrial strategy in Essex and Kent.
- Devise local industrial strategies that mark a departure from the Strategic Economic Plan (SEP) in ambit, veracity and evidence base. To those ends, local industrial strategies should:
 - Begin to address the fundamental, day-to-day issues that entrench low wages, low skills and low rates of productivity.
 - Be grounded in a granular understanding of the local economy: the areas of genuine comparative advantage, the issues holding them back; and an honesty about the places where nothing but the economic equivalent of open heart surgery will suffice.
 - Achieve a more productive relationship with government.
 - Have a clear set of limited priorities that respond to the data collected.
- Include a set of interventions that influence decisions made by people and businesses to improve the prospects of a place. Interventions should flow from a baseline of intelligence and each intervention must have a clear articulation of how they will be funded.
- Seek to involve all institutions with a prominent role in local economies in the production and delivery of the local industrial strategy. All tiers of government should look to work in unison and, in non-mayoral areas, the LEP and strategic authority should work in partnership to ascertain and achieve the aims of their local industrial strategy.
- Aim to use the local public sector's existing legal and legislative capacity more fully. Where interventions are outside the local public sector's existing legal and legislative capacity, places should outline which government department(s) may be able to support them, whether the intervention requires a transfer of powers or budgets; and, whether legislative change is required to deliver the intervention.
- Immediately establish a Skills Advisory Panel (SAP), operating in shadow-form if not within one of government's seven pilot areas.

- Upgrade their research and data teams to enable intelligence-driven policymaking and regular evaluation.
- Devise a dual-track local industrial strategy. One that provides a long-term vision with accompanying sets of policies ambitions. And another that is easily-collapsible and recyclable, with a set of more immediate actions and priorities that evidence to partners that the local industrial strategy is a process by which things will be achieved.
- Secure and maintain the buy-in of key local actors and agencies for the strategy from an early stage, for instance local MPs, the local NHS, chambers of commerce and Business Improvement Districts

Recommendations for local industrial strategy interventions

Each local industrial strategy should include a set of interventions that aim to raise an area's productivity, growth and, ultimately, living standards. They will necessitate design and delivery by all tiers of government – in some cases with central government support, though often without – and should address three components: the local labour market, the availability of good jobs and places' commercial commons.

Local labour market strategy

The local industrial strategy should include a local labour market strategy that provides lifelong support for people to be economically active and appropriately skilled. Driven by the analysis and advice of SAPs, strategies should shape pathways of education – for the young and old – to equip people with the skills a local economy demands today and in the future. They should support inactive or likely-to-exit groups into, or to remain in, the local labour market. And they should have a more active presence in matching labour to jobs where the market fails to. As part of this, every worker should expect local industrial strategies to have foresight of and considered actions to mitigate technical and political changes in the economy and labour market, for instance the impacts of automation or Brexit.

Using their existing legal and policy capacity, places can:

- Facilitate closer relationships between badly-performing schools and local universities. Schemes could be established that place graduate teachers in these 'cold spots'.
- Provide bursaries to teaching graduates who commit to working in their area upon training.
- Declare and make decisions to achieve greater collaboration and specialisation in the technical education sector, helping to deliver government's Post-16 Skills Plan.
- Provide information and analysis about current and future skills needs to help shape career provision for people of all ages, helping to deliver government's Careers Strategy.
- Dedicate local industrial strategy resource to scaling up schemes that support graduates' transitioning into local job market.
- Put in place schemes that will upskill and reskill workers most at risk of falling out of the labour market early.
- Improve the quality and investment in of in-work training by signposting good training providers and further engaging with firms in low-productivity industries.

Places can work with government to:

- Establish transport graduate subsidisation schemes by, working with DfT altering rail and bus *invitation to tender* documents.

- Introduce a local pilot scheme with DfE where, rather than reverting to the Treasury, unused funds in businesses' Apprenticeship Levy accounts are reallocated locally and ring-fenced for the development of the local skills base. Where funds are dormant for two years, employers could be mandated to passport funds to the strategic authority, with the SAP advising on how they could be best-used to increase in-work training locally.
- Introduce a pilot scheme with DfE where places trial the option to allow employers to passport their apprenticeship levy funds to the strategic authority for local skills development activity.
- Introduce a local pilot scheme with DfE to allow businesses to use funds raised via the apprenticeship levy to fund the wage costs of lifelong learning schemes.

Good jobs strategy

The local industrial strategy should include a good jobs strategy that stimulates demand for jobs that are more secure and better-paid. Part of this should include measures to encourage businesses to take more risks on initiatives that generate more and better. It should also strengthen the contract between place, employer and worker by introducing measures that nudge local businesses, where they don't already, to pay and invest in their workers more.

Using their existing legal and policy capacity, places can:

- Adopt local plans across the whole local industrial strategy area, bringing greater certainty to the framework by which land for residential and commercial development is brought forward.
- Use local development corporations to allow a new local planning authority to be established for the area they cover with a sole-focus on regenerating the area.
- Develop shared planning protocols around viability and design across the local industrial strategy area.
- Support fledgling businesses in the local area by establishing a) seed funding investment boards that provide low-interest gap funding and b) bridging loan facilities that support businesses facing cash flow problems.
- Use the local industrial strategy as a catalyst for anchor institutions – namely, local government, universities and the local NHS –to leverage their assets and role in the local economy by prioritising local hiring and local sourcing.
- Introduce a local employment charter – advisory, non-statutory standards on 'good work' – that covers issues such as wages, benchmark levels of investment in work-related training, hours and leave provided; and, workers on boards. Anchor institutions could amend their procurement policies to take account of the local charter.

Places can work with government to:

- Put together joint planning documents and wield greater powers by negotiating a housing deal with MHCLG.

Commercial commons strategy

The local industrial strategy should include a commercial commons strategy that aims to make places more attractive to people and investment, addressing physical and perceptual constraints to growth.

Using their existing legal and policy capacity, places can:

- Improve the standards of bids for infrastructure-related grant funding, couching them in terms of delivery against local industrial strategy aims with a clear

cost-benefit analysis and focus on connecting high-skill, high-wage places to low-skill, low-wage places.

- Establish time-limited local development corporations in partnership with businesses, universities and/or other civic institutions.
- Use the Lucas Clause of the Housing and Planning Bill 2016 to introduce a 'planning freedoms scheme' and develop an alternative approach to land regulation.
- Sponsor new real estate investment trusts (REIT) to raise capital investment for specific redevelopment schemes.
- Introduce new measures to address air pollution, for instance charging clean air zones, Workplace Parking Levies, congestion charging zones and low/zero emissions zones.
- Introduce a bus franchising model across the local industrial strategy area, regulating prices, routes and their frequencies in line with the local economy (mayoral-combined authorities only).
- Make publicly available, where possible, the data it collects about its transport network. This should include, under an Open Government Licence, live arrivals, timetables, accessibility and more. The explicit aim of open data sets should be the facilitation of it being used for commercial and non-commercial purposes, namely the development of journey planning apps.
- Develop evening economy zones by designating an areas where:
 - Streets are fully-pedestrianised after 6pm.
 - Day-time premises pay no application fee or annual charge for alcohol licensing.
 - Pavement café license fees are waived and, where necessary.
 - Using local development orders, planning permission is automatically granted for any change of use to facilitate the night-time economy.
- Develop commercial zones by designating areas where:
 - Upon 100 percent retention, business rates discounts are offered.
 - Using an Article 4 direction, permitted development rights are withdrawn.

Places can work with government to:

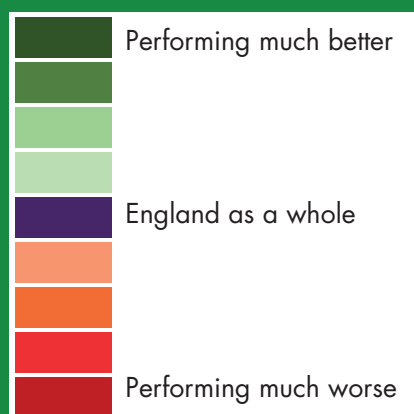
- Introduce a bus franchising model in areas not covered by a mayoral-combined authority. Place should approach DfT with proposals to show how the model would meet local economic and social needs. The Secretary of State could then permit the local county council leader to be held to account for bus services.
- Introduce free bus travel to all bus journeys ending in the town centre, starting from within the local authority. This could done by amending the 2007 Bus Concessionary Act to include a clause allowing free bus travel in places deemed to qualify. Or, as part of new bus franchising regulations, places could write the clause into the relevant tender document. Government could provide the funding to finance the block grant provided to the commercial operator running the line.
- Work with HM Treasury and DfT to devise new models with which to raise capital for infrastructure improvements, for instance new levies (like Crossrail was funded) or land taxation models.
- Work with HM Treasury to introduce a zone of (close to) zero taxation or tariffs.

INDUSTRIAL STRATEGY DATA DASHBOARD

Throughout this report we have used a lot of data to illustrate the challenges places across England face in their industrial strategy. As the analysis shows, opportunities and challenges vary significantly across the country. This data dashboard shows how LEP areas perform across the country on a number of the measures used in the report:

Indicator	Data source
GVA per hour (£)	ONS Subregional Productivity Data
Population with A-Level or equivalent (%)	Annual Population Survey (Dec 2016)
Population with job-related training in last 13 weeks (%)	Annual Population Survey (Dec 2016)
Employers with hard-to-fill vacancies due to skills shortages (%)	UK Commission for Employment and Skills: Employer Skills Survey
Average hours worked per week by full-time employees	Annual Survey of Hours and Earnings (2017)
Average 'Worthwhile' rating	Headline Indicators of Personal Wellbeing (2016–17)
Change in unemployment rate Q3 2007 to Q3 2017 (%)	ONS Model-Based Estimates of Unemployment
Children living in poverty (%)	End Child Poverty Coalition – Poverty in your Area
Population aged 65+ (%)	ONS Population Estimates
Difference in KS1 to KS4 attainment (%)	Department for Education statistics

Colour scales indicate an area's performance relative to the same figure for England as a whole:



LEP Area	GVA/ hour	Population with A- Level or equivalent (%)	Population with job- related training in last 13 weeks (%)	Employers with hard-to- fill vacancies due to skills shortages (%)	Average hours worked per week by full-time employees
ENGLAND	£33.10	56.8%	18.4%	69%	39.1
Black Country	£26.18	39.4%	10.7%	83%	39.6
Buckinghamshire Thames Valley	£37.27	65.0%	23.5%	57.1%	39.1
Cheshire and Warrington	£33.91	56.4%	16.3%	66.3%	39.6
Coast to Capital	£34.17	62.7%	20.3%	64.6%	39
Cornwall and Isles of Scilly	£23.74	54.3%	19.0%	58.3%	39.4
Coventry and Warwickshire	£30.68	54.5%	15.9%	66.1%	39.3
Cumbria	£29.11	54.3%	18.2%	57.3%	39.7
Derby, Derbyshire, Nottingham and Nottinghamshire	£28.60	53.4%	17.4%	71.1%	39.3
Dorset	£28.23	58.6%	19.4%	63.0%	39.2
Enterprise M3	£37.04	63.2%	20.4%	71.6%	39.1
Gloucestershire	£30.80	58.9%	23.3%	57.7%	39
Greater Birmingham and Solihull	£28.85	50.1%	12.4%	69.7%	39.4
Greater Cambridge and Greater Peterborough	£31.57	55.9%	19.4%	61.3%	39.7
Greater Lincolnshire	£27.02	48.5%	19.7%	69.0%	40.5
Greater Manchester	£29.25	54.3%	17.7%	70.3%	38.7
Heart of the South West	£26.83	57.7%	22.6%	62.6%	39.4
Hertfordshire	£32.80	58.8%	15.3%	69.5%	39.1
Humber	£28.85	52.4%	19.5%	70.1%	40.1
Lancashire	£28.03	53.7%	21.2%	70.5%	39.3
Leeds City Region	£28.07	51.9%	15.6%	82.2%	39
Leicester and Leicestershire	£28.79	54.8%	18.7%	69.4%	39.1
Liverpool City Region	£30.02	50.7%	15.2%	53.9%	38.7
London	£43.55	66.3%	18.8%	76.7%	38.5
New Anglia	£29.41	50.2%	20.3%	51.4%	40
North East	£28.54	52.3%	14.8%	63.8%	39.2
Oxfordshire	£35.42	67.2%	19.9%	57.9%	38.9
Sheffield City Region	£26.97	51.6%	20.5%	76.2%	39.4
Solent	£33.48	57.6%	23.1%	70.1%	38.7
South East	£30.57	52.8%	19.8%	69.9%	39.6
South East Midlands	£31.46	54.2%	15.5%	68.8%	39.5
Stoke-on-Trent and Staffordshire	£26.44	50.6%	19.6%	55.9%	39.7
Swindon and Wiltshire	£31.54	59.6%	25.2%	63.1%	38.9
Tees Valley	£29.69	52.5%	18.1%	76.2%	39.5
Thames Valley Berkshire	£41.00	65.0%	18.3%	79.6%	38.7
The Marches	£27.03	53.0%	19.8%	56.3%	41
West of England	£33.26	64.6%	21.4%	52.2%	38.8
Worcestershire	£29.40	58.2%	13.8%	53.7%	39.8
York, North Yorkshire and East Riding	£27.54	59.3%	21.8%	68.3%	39.6

Average 'Worthwhile' rating	Change in unemployment rate Q3 2007 to Q3 2017 (%)	Children living in poverty (%)	Population aged 65+ (%)	Difference in KS1 to KS4 attainment (%)
7.9	-0.7%	23.2%	17.9%	-10.8%
7.6	0.2%	34.2%	17.5%	-15.3%
8.0	-1.5%	16.3%	18.3%	-5.6%
7.9	0.3%	19.8%	20.8%	-7.6%
7.8	-0.5%	19.6%	19.0%	-7.7%
7.9	-1.4%	16.5%	24.3%	-12.7%
8.1	-1.6%	21.5%	18.0%	-9.4%
8.0	-2.0%	21.2%	23.5%	-7.7%
8.0	-1.7%	23.4%	18.8%	-10.0%
7.9	-1.6%	22.2%	24.4%	-11.0%
8.0	-1.5%	15.3%	19.6%	-7.0%
7.8	-0.7%	19.8%	20.8%	-7.8%
8.0	-0.4%	24.1%	16.3%	-13.9%
7.9	-1.4%	19.7%	19.5%	-8.7%
8.0	-0.9%	25.4%	22.1%	-12.7%
7.8	-0.6%	31.2%	15.7%	-11.8%
8.0	-0.4%	24.1%	23.5%	-10.9%
8.0	-1.2%	19.2%	16.8%	-8.3%
7.9	-0.9%	28.9%	20.4%	-13.5%
7.9	-0.6%	27.6%	19.6%	-11.4%
8.0	-0.7%	25.0%	17.2%	-7.1%
8.0	-1.1%	19.5%	17.2%	-7.8%
7.7	-2.7%	28.8%	18.6%	-11.1%
7.8	-1.5%	32.5%	11.6%	-9.8%
7.9	-0.4%	23.4%	23.4%	-11.6%
7.8	0.0%	29.1%	19.5%	-17.4%
7.9	-0.3%	16.7%	17.7%	-7.2%
7.9	-0.3%	26.1%	18.9%	-11.8%
7.9	-0.6%	21.2%	18.6%	-13.4%
7.9	-0.5%	23.4%	20.2%	-14.7%
7.8	0.4%	22.3%	16.2%	-11.8%
8.0	0.1%	22.0%	20.1%	-16.1%
7.9	1.6%	19.6%	19.2%	-12.4%
7.8	0.2%	31.3%	18.6%	-14.0%
7.9	-0.6%	18.2%	15.0%	-8.4%
7.9	-0.2%	23.4%	21.9%	-12.3%
7.8	0.6%	20.4%	17.3%	-14.1%
7.9	0.2%	21.6%	22.0%	-10.7%
8.1	-0.6%	18.6%	23.1%	-6.2%

APPENDIX

This appendix contains:

- Localis/YouGov polling results
- Worthwhile Measure from the Headline Indicators of Personal Wellbeing, by Local Enterprise Partnership
- EU Referendum results by LEP area
- Educational Attainment breakdown for Canterbury, Sunderland, Tendring and Thanet
- Poor employment index by local authority area
- Colchester-Clacton-Harwich corridor

In the cases where LEP data is unavailable (for example, wage data for 2012), the average for all local authorities within the LEP is used. This includes LEPs such as Hertfordshire, which are coterminous with county council boundaries, however, for the sake of methodological consistency, the average of the lower-tier local authorities is used rather than the figure for the county council area.

Appendix 1 – Localis/YouGov polling results

		Vote in 2017			EU Ref 2016		Gender	
	Total	Con	Lab	Lib Dem	Remain	Leave	Male	Female
Weighted Sample	1641	563	538	100	645	701	794	847
Unweighted Sample	1641	568	531	102	745	669	717	924

% % % % % % % %

Which of the following statements applies to you?								
I am currently in paid employment	56	52	65	46	63	51	60	53
I am not currently in paid employment, but I have been in the past	41	47	33	49	36	48	37	45
I have never been in paid employment	3	1	2	5	2	1	3	3

[The rest of the survey was asked only to respondents who are, or have been, in paid employment; n=1605]

Which of the following statements about work comes closest to your own view?								
What I am paid is more important to me than whether my work feels worthwhile	37	43	31	26	31	42	46	29
Whether my work feels worthwhile is more important to me than what I am paid	49	47	54	59	58	44	41	56
Don't know	14	10	15	15	11	14	14	15

Thinking about work and pay, to what extent, if at all, do you think the following groups and individuals are generally paid more or less than what their work is worth?

MYSELF

Paid much more than their work is worth	2	1	1	3	1	1	2	1
Paid slightly more than their work is worth	5	6	4	5	6	4	5	4
PAID MORE	7	7	5	8	7	5	7	5
Paid roughly what their work is worth	31	37	28	38	31	34	32	31
Paid slightly less than their work is worth	29	28	32	26	31	28	32	26
Paid much less than their work is worth	21	19	23	17	22	19	19	22
PAID LESS	50	47	55	43	53	47	51	48
Don't know	12	9	12	12	9	13	9	15

MY COLLEAGUES

Paid much more than their work is worth	4	3	3	6	3	4	4	4
Paid slightly more than their work is worth	9	10	8	9	8	10	12	6
PAID MORE	13	13	11	15	11	14	16	10
Paid roughly what their work is worth	30	38	25	28	29	32	30	30

Age				Social Grade		Region					Whether in paid employment	
18-24	25-49	50-64	65+	ABC1	C2DE	London	Rest of South	Midlands / Wales	North	Scotland	In paid employment	Not currently, but have been
184	693	389	376	935	706	220	532	351	395	143	924	670
139	700	407	395	970	671	178	562	360	394	147	908	697

%	%	%	%	%	%	%	%	%	%	%	%	%
59	80	58	10	62	49	60	55	56	57	54	100	0
25	18	42	89	36	48	38	42	40	41	43	0	100
17	2	0	1	2	4	3	3	4	2	3	0	0
44	41	36	27	36	38	34	36	35	42	37	43	29
40	44	52	58	52	44	51	51	49	43	52	44	55
16	15	12	15	11	18	14	13	16	15	11	13	16
2	2	1	0	1	2	3	1	1	1	2	2	1
2	5	5	5	6	4	3	6	5	5	3	5	5
4	7	6	5	7	6	6	7	6	6	5	7	6
35	27	32	38	34	27	30	34	28	34	26	31	33
38	31	26	25	31	27	33	27	28	29	36	34	23
16	23	24	14	19	23	18	20	24	21	20	22	19
54	54	50	39	50	50	51	47	52	50	56	56	42
7	11	11	18	9	17	15	12	14	11	13	7	20
5	5	3	3	5	3	6	4	3	3	3	4	4
9	10	7	6	10	6	4	11	10	8	7	10	6
14	15	10	9	15	9	10	15	13	11	10	14	10
29	27	31	37	34	25	28	32	27	34	27	31	30

Paid slightly less than their work is worth	22	20	24	25	27	19	22	21
Paid much less than their work is worth	15	11	19	12	16	13	14	15
PAID LESS	37	31	43	37	43	32	36	36
Don't know	20	17	22	19	17	21	17	23
PEOPLE IN WORK GENERALLY								
Paid much more than their work is worth	3	3	3	2	2	4	3	2
Paid slightly more than their work is worth	7	8	5	4	5	7	8	5
PAID MORE	10	11	8	6	7	11	11	7
Paid roughly what their work is worth	30	38	23	36	30	31	32	28
Paid slightly less than their work is worth	29	24	33	27	30	27	29	28
Paid much less than their work is worth	12	8	15	12	12	12	12	12
PAID LESS	41	32	48	39	42	39	41	40
Don't know	20	19	21	18	20	19	15	25
To what extent, if at all, do you think you personally benefit financially from the following situations?								
THE NATIONAL ECONOMY GROWING								
A great deal	7	8	5	6	7	7	8	6
A fair amount	25	29	23	28	27	25	27	24
TOTAL A GREAT DEAL/ FAIR AMOUNT	32	37	28	34	34	32	35	30
Not very much	37	39	37	38	37	39	39	36
Not at all	15	13	19	18	18	15	15	16
TOTAL NOT VERY MUCH/ NOT AT ALL	52	52	56	56	55	54	54	52
Don't know	15	11	17	10	11	14	11	19
MY EMPLOYER DOING WELL FINANCIALLY								
A great deal	9	10	8	8	10	8	10	9
A fair amount	24	28	19	26	24	25	28	20
TOTAL A GREAT DEAL/ FAIR AMOUNT	33	38	27	34	34	33	38	29
Not very much	28	29	29	27	31	28	28	28
Not at all	20	16	24	26	21	19	18	21
TOTAL NOT VERY MUCH/ NOT AT ALL	48	45	53	53	52	47	46	49
Don't know	19	18	20	13	14	20	16	22
To what extent, if at all, do you find your job personally fulfilling?								
Very fulfilling	17	19	17	24	20	16	13	20
Fairly fulfilling	45	50	43	44	48	45	44	45
TOTAL FULFILLING	62	69	60	68	68	61	57	65
Not very fulfilling	21	16	21	20	19	19	24	17
Not at all fulfilling	8	6	9	3	7	7	9	7
TOTAL NOT FULFILLING	29	22	30	23	26	26	33	24

26	23	22	18	22	22	26	19	20	23	28	25	18
17	15	19	8	14	16	11	15	17	14	16	16	13
43	38	41	26	36	38	37	34	37	37	44	41	31
14	19	17	28	15	28	24	19	24	18	20	14	29
1	4	3	2	3	2	3	3	2	3	1	3	3
11	6	5	7	7	6	9	7	5	6	5	8	5
12	10	8	9	10	8	12	10	7	9	6	11	8
27	26	35	33	33	26	28	30	28	33	27	29	31
38	31	26	23	28	29	24	28	31	27	35	33	23
12	13	14	9	11	13	14	11	10	13	13	10	14
50	44	40	32	39	42	38	39	41	40	48	43	37
13	20	19	25	17	24	23	20	23	18	18	18	24
18	5	7	6	5	9	9	6	7	6	7	6	7
26	25	25	26	29	20	24	27	25	25	25	26	24
44	30	32	32	34	29	33	33	32	31	32	32	31
29	37	39	40	38	36	36	38	34	39	40	38	37
8	15	19	14	15	15	11	15	18	17	14	16	14
37	52	58	54	53	51	47	53	52	56	54	54	51
18	18	9	15	12	19	20	14	16	13	14	14	17
15	10	9	7	9	9	12	9	9	9	11	11	7
30	23	22	25	28	18	18	26	24	24	23	26	21
45	33	31	32	37	27	30	35	33	33	34	37	28
30	30	26	26	30	26	29	28	26	30	29	29	27
14	19	27	16	18	21	14	20	22	21	16	21	18
44	49	53	42	48	47	43	48	48	51	45	50	45
11	18	16	27	15	25	27	18	19	16	21	14	27
7	14	17	26	19	13	18	18	16	15	17	15	19
41	46	45	44	48	41	41	46	48	44	42	49	39
48	60	62	70	67	54	59	64	64	59	59	64	58
31	22	21	12	19	22	19	20	19	24	22	23	18
12	9	8	3	7	8	9	6	8	7	10	9	6
43	31	29	15	26	30	28	26	27	31	32	32	24

Don't know	10	9	9	9	5	13	9	11
Do you think that your job is or is not making a meaningful contribution to the world?								
Is making a meaningful contribution to the world	48	51	51	59	57	44	43	53
Is not making a meaningful contribution to the world	33	33	32	24	31	34	39	28
Don't know	18	16	16	17	11	22	18	19
To what extent, if at all, are you rewarded by your employer for hard work?								
A great deal	4	6	3	2	5	3	5	4
A fair amount	25	28	23	32	28	25	27	24
TOTAL A GREAT DEAL/ FAIR AMOUNT	29	34	26	34	33	28	32	28
Not very much	38	38	39	38	42	37	38	38
Not at all	23	20	26	21	21	24	22	24
TOTAL NOT VERY MUCH/ NOT AT ALL	61	58	65	59	63	61	60	62
Don't know	9	9	8	7	5	11	9	10

9	9	8	15	6	16	13	10	9	11	9	4	19
42	49	50	48	53	43	46	46	50	52	49	51	45
45	34	33	26	34	32	31	39	29	31	31	37	28
13	16	16	26	13	25	23	15	22	17	19	12	27
5	6	3	3	5	3	5	4	4	4	6	5	3
36	23	23	27	30	19	24	26	23	28	20	26	24
41	29	26	30	35	22	29	30	27	32	26	31	27
31	39	40	37	39	37	41	37	37	37	46	41	35
21	23	28	18	20	27	17	24	25	23	20	23	22
52	62	68	55	59	64	58	61	62	60	66	64	57
7	9	6	15	5	15	13	9	10	8	9	5	16

Appendix 2 – Worthwhile Measure from the Headline Indicators of Personal Wellbeing (2016), by Local Enterprise Partnership

LEP area	2012	2017
Black Country	7.51	7.65
Buckinghamshire Thames Valley	7.80	8.00
Cheshire and Warrington	7.84	7.92
Coast to Capital	7.83	7.89
Cornwall and the Isles of Scilly	7.93	7.88
Coventry and Warwickshire	7.33	8.09
Cumbria	7.84	7.99
Derby, Derbyshire, Nottingham and Nottinghamshire	7.66	7.97
Dorset	7.85	7.91
Enterprise M3	7.78	7.99
Gloucestershire	7.76	7.84
Greater Birmingham and Solihull	7.66	7.96
Cambridgeshire and Peterborough	7.69	7.89
Greater Lincolnshire	7.76	7.98
Greater Manchester	7.57	7.82
Heart of the South West	7.79	7.98
Hertfordshire	7.84	8.01
Humber	7.75	7.94
Lancashire	7.74	7.90
Leeds City Region	7.71	7.97
Leicester and Leicestershire	7.71	8.00
Liverpool City Region	7.70	7.75
London	7.52	7.75
New Anglia	7.73	7.95
North East	7.62	7.79
Oxfordshire	7.64	7.94
Sheffield City Region	7.70	7.86
Solent	7.76	7.95
South East	7.76	7.90
South East Midlands	7.73	7.82
Stoke-on-Trent and Staffordshire	7.73	8.00
Swindon and Wiltshire	7.81	7.91
Tees Valley	7.64	7.76
Thames Valley Berkshire	7.67	7.92
The Marches	7.77	7.94
West of England	7.70	7.77
Worcestershire	7.70	7.91
York, North Yorkshire and East Riding	7.81	8.10

Appendix 3 – EU Referendum results by LEP area

NB: Due to overlapping LEP boundaries, some local authorities are counted in two LEPs, total number of votes is therefore not additive:

	Remain		Leave	
	Total votes	Percentage	Total votes	Percentage
Black Country	303,372	33.6%	362,401	66.4%
Buckinghamshire Thames Valley	215,939	51.3%	264,235	48.7%
Cheshire and Warrington	178,819	48.3%	185,951	51.7%
Coast to Capital	141,343	51.9%	183,286	48.1%
Cornwall and Isles of Scilly	440,194	43.5%	564,751	56.5%
Coventry and Warwickshire	169,232	45.0%	310,882	55.0%
Cumbria	385,759	43.6%	529,019	56.4%
Derby, Derbyshire, Nottingham and Nottinghamshire	914,791	41.5%	1,369,616	58.5%
Dorset	215,035	43.5%	163,573	56.5%
Enterprise M3	479,502	50.6%	676,836	49.4%
Gloucestershire	496,231	49.0%	484,346	51.0%
Greater Birmingham and Solihull	385,431	44.0%	367,588	56.0%
Cambridgeshire and Peterborough	421,015	47.2%	535,067	52.8%
Greater Lincolnshire	145,311	34.0%	196,143	66.0%
Greater Manchester	196,188	46.5%	380,556	53.5%
Heart of the South West	239,994	44.5%	289,350	55.5%
Hertfordshire	191,762	49.7%	249,517	50.3%
Humber	336,405	35.2%	280,151	64.8%
Lancashire	464,556	41.0%	574,887	59.0%
Leeds City Region	321,242	45.3%	325,311	54.7%
Leicester and Leicestershire	446,890	45.3%	556,601	54.7%
Liverpool City Region	124,181	51.2%	160,810	48.8%
London	193,494	59.9%	382,501	40.1%
New Anglia	396,557	42.2%	487,460	57.8%
North East	2,263,519	43.8%	1,513,232	56.2%
Oxfordshire	154,456	56.8%	146,495	43.2%
Sheffield City Region	122,401	38.1%	213,352	61.9%
Solent	316,975	44.9%	456,763	55.1%
South East	188,478	40.0%	213,382	60.0%
South East Midlands	692,530	44.7%	836,090	55.3%
Stoke-on-Trent and Staffordshire	156,089	35.9%	224,937	64.1%
Swindon and Wiltshire	361,939	46.9%	404,902	53.1%
Tees Valley	245,842	36.5%	220,927	63.5%
Thames Valley Berkshire	569,264	52.7%	528,219	47.3%
The Marches	219,425	41.0%	392,136	59.0%
West of England	256,074	54.6%	273,732	45.4%
Worcestershire	361,194	42.6%	586,438	57.4%
York, North Yorkshire and East Riding	616,359	45.6%	708,032	54.4%

Appendix 4 – Educational Attainment breakdown for Canterbury, Sunderland, Tendring and Thanet

	% of Pupils Achieving Expected Standard				
Local Authority	Reading	Writing	Maths	Science	Average
Canterbury	80	75	80	89	81
Sunderland	77	72	78	83	77.5
Tendring	72	63	71	79	71.25
Thanet	75	68	75	83	75.25

Local Authority	% of Students Reaching the Expected Standard in Reading, Writing and Mathematics
Canterbury	71
Sunderland	68
Tendring	54
Thanet	61

Local Authority	% Students Achieving 9-5 Pass in English Baccalaureate
Canterbury	33.1
Sunderland	34.7
Tendring	31.9
Thanet	29.7

Appendix 5 – Poor employment index by local authority area

Local Authority	Median Wage (2016)	Low skill occs (2016)	Worthwhile (Average 2012-2015)	Score
Blackpool	460.2	43.7	7.67	6
Bolsover	450.3	47.9	7.56	6
Boston	447.7	56.7	7.55	6
Castle Point	476.3	39	7.51	6
Gateshead	472.3	40.4	7.56	6
Mansfield	428.5	54.3	7.55	6
Oldham	465.5	44.9	7.54	6
Rochdale	442.8	44.9	7.63	6
Sandwell	477.6	43	7.64	6
Tameside	468.5	39	7.64	6
Hyndburn	442.3	40.6	7.78	5
Ashfield	513	44.5	7.35	5
Barnsley	520.8	41.3	7.66	5
Corby	523.9	52.5	7.43	5
East Staffordshire	513.8	40.1	7.67	5
Fenland	451.9	36.8	7.63	5
Forest of Dean	424.6	33.5	7.6	5
Ipswich	513.2	46	7.65	5
Kingston upon Hull, City of	479	45	7.68	5
Leicester	497.9	49.3	7.6	5
Newcastle-under-Lyme	474.7	35.6	7.49	5
North East Lincolnshire	425.1	46.9	7.76	5
Norwich	496.9	46.5	7.58	5
Nottingham	494.8	41.5	7.54	5
Peterborough	478.8	43	7.71	5
Portsmouth	524.4	40.3	7.64	5
Preston	512.6	42.1	7.66	5
Redditch	456.7	38	7.67	5
Salford	521.8	41.6	7.62	5
Scarborough	462.9	42	7.7	5
Sedgemoor	455.1	40.4	7.7	5
South Tyneside	470.5	40.8	7.68	5
St. Helens	464.9	40.4	7.77	5
Stoke-on-Trent	488.7	46.9	7.37	5
Tamworth	445.8	37	7.49	5
Wakefield	478.5	42.1	7.72	5
Wellingborough	479.1	36	7.54	5
Wigan	475.6	41.3	7.75	5
Wolverhampton	483.4	44.8	7.34	5
Wyre Forest	440	40.9	7.69	5
Pendle	518.7	38.7	7.64	4
Adur	491.7	41.7	7.73	4

Allerdale	461.9	41.2	8.06	4
Arun	423.8	41.3	7.96	4
Barking and Dagenham	604.6	43.2	7.56	4
Bassetlaw	448.1	42.4	7.8	4
Blackburn with Darwen	482.7	42.5	7.71	4
Bolton	464.3	35.4	7.7	4
Bradford	489.3	40.6	7.73	4
Breckland	452.2	39.3	7.86	4
Brent	576.2	41.6	7.44	4
Burnley	420.1	43.8	7.92	4
Cannock Chase	467.2	39	7.9	4
Carlisle	479.2	41.7	7.87	4
Chesterfield	462.1	34.5	7.74	4
Christchurch	480.8	31.1	7.57	4
Coventry	561.6	41	7.65	4
Doncaster	485.9	42.7	7.76	4
Great Yarmouth	504.2	51.6	7.76	4
Hambleton	490.9	37.1	7.63	4
Harlow	588.8	56	7.21	4
Hartlepool	497.6	44.6	7.71	4
Hounslow	651.5	38.9	7.67	4
Knowsley	548.2	43.6	7.62	4
Lincoln	498.8	44.8	7.77	4
Liverpool	530.7	37.4	7.58	4
Luton	592.6	41.3	7.59	4
Manchester	570.8	41.7	7.49	4
Melton	447.7	39	7.92	4
Mid Devon	480.1	41	7.91	4
Middlesbrough	508.5	44.3	7.69	4
Newark and Sherwood	462.9	44.6	7.93	4
North Warwickshire	520.2	38	7.66	4
Nuneaton and Bedworth	433.4	36.6	7.69	4
Plymouth	528.9	40.1	7.68	4
Rotherham	486.2	42.6	7.78	4
Slough	599	43	7.6	4
South Holland	446.9	46	7.79	4
Sunderland	494.7	45.6	7.72	4
Telford and Wrekin	488.2	39.2	7.76	4
Tendring	464.5	35.3	7.7	4
Torbay	467.1	34.7	7.68	4
Torridge	424	35.6	7.74	4
Walsall	476.6	38.4	7.78	4
Waveney	429.6	46	7.8	4
West Devon	455.1	34.7	7.7	4
Wyre	430.6	32.9	7.76	4
Birmingham	549.4	37.8	7.53	3

Bournemouth	534.6	34.8	7.6	3
Braintree	510.5	35.2	7.78	3
Broadland	466.2	37.5	8.1	3
Bury	475	36.5	7.8	3
Canterbury	486.5	26.5	7.67	3
Cornwall	460.1	34.5	7.98	3
County Durham	492.2	37.9	7.73	3
Darlington	490.4	39.8	7.79	3
Derby	649.7	41.2	7.73	3
Dudley	493.8	38.2	7.75	3
Ealing	574.9	36.3	7.64	3
East Lindsey	476.7	38.5	7.83	3
Eastbourne	469.6	32.6	7.72	3
Eden	460	36.4	8.09	3
Enfield	548.8	34.4	7.61	3
Gloucester	538.3	38.2	7.54	3
Halton	562	42.6	7.71	3
Hastings	459.9	38.4	7.83	3
Herefordshire, County of	448.4	34.3	7.83	3
King`s Lynn and West Norfolk	527.1	40	7.98	3
Kirklees	484.8	35.6	7.68	3
Lancaster	511.9	42.5	7.84	3
Newcastle upon Tyne	554.2	36.3	7.53	3
Newham	568.3	45	7.68	3
North Devon	440.7	34.7	8.04	3
North East Derbyshire	486.5	37.5	7.74	3
North Tyneside	525.1	38.1	7.72	3
Northampton	499.7	37.7	7.75	3
Northumberland	480.3	35.8	7.79	3
Redcar and Cleveland	496.4	43.2	7.84	3
Rother	440.2	33.7	7.95	3
Ryedale	455.1	26.2	7.73	3
Sheffield	526.6	34.2	7.69	3
Shepway	493.6	39	7.89	3
Shropshire	470.8	35.5	7.88	3
South Kesteven	444.8	35.2	8.04	3
Southend-on-Sea	497.4	32.7	7.65	3
Thanet	424.5	28.9	7.74	3
Worthing	466.4	36.8	7.86	3
Wychavon	507.3	35.1	7.75	3
Barrow-in-Furness	568.6	33	7.55	2
Colchester	551.1	33	7.66	2
Isle of Wight	483.4	38.7	7.91	2
Milton Keynes	602.4	33.4	7.64	2
North Lincolnshire	532	42.3	7.95	2
Richmondshire	485	33.5	7.92	2

Southampton	576.8	38.7	7.68	2
Taunton Deane	476.6	33.4	7.88	2
York	525	30.2	7.77	2
Ashford	526.1	37.3	7.88	2
Babergh	461.6	28.3	7.93	2
Bedford	541.7	35.1	7.71	2
Brighton and Hove	526.4	24.1	7.76	2
Bristol, City of	545.3	28.6	7.52	2
Bromsgrove	495.9	25.9	7.69	2
Calderdale	504.7	33.6	7.83	2
Camden	705.6	16.2	7.54	2
Charnwood	537.6	29.2	7.61	2
Cheshire West and Chester	514.9	29.9	7.78	2
Cotswold	479.1	21.1	8.1	2
Craven	468.1	31	7.93	2
Croydon	610.4	28	7.64	2
Dover	537.2	39.8	7.88	2
East Northamptonshire	471.7	32.3	7.85	2
Elmbridge	670.8	17.8	7.65	2
Erewash	491.1	33.9	7.95	2
Forest Heath	469.2	31.2	7.83	2
Gosport	496.4	35.3	7.83	2
Greenwich	596.1	23.4	7.62	2
Guildford	654.5	22.8	7.64	2
Hackney	651.1	23.7	7.4	2
Hammersmith and Fulham	688.9	19.1	7.62	2
Haringey	577	28.7	7.65	2
Harrow	575	32	7.5	2
Havant	528.6	35.5	7.85	2
Havering	570.4	32.2	7.6	2
High Peak	486.4	34.3	7.86	2
Hinckley and Bosworth	522.5	34.1	7.79	2
Islington	747.4	17.3	7.5	2
Kettering	495.5	35.1	7.83	2
Lambeth	670.9	23.2	7.51	2
Leeds	543.4	33.5	7.7	2
Malvern Hills	469.8	29.3	7.95	2
Medway	522.2	32.4	7.71	2
Mendip	463.5	30.8	7.91	2
New Forest	519.2	36.4	8.01	2
North Kesteven	466	29.5	7.91	2
North Norfolk	457.8	29.4	7.86	2
North Somerset	502.8	31.4	7.77	2
North West Leicestershire	511.6	35.4	7.86	2
Redbridge	553.3	31.4	7.66	2
Rossendale	398.9	30.6	7.84	2

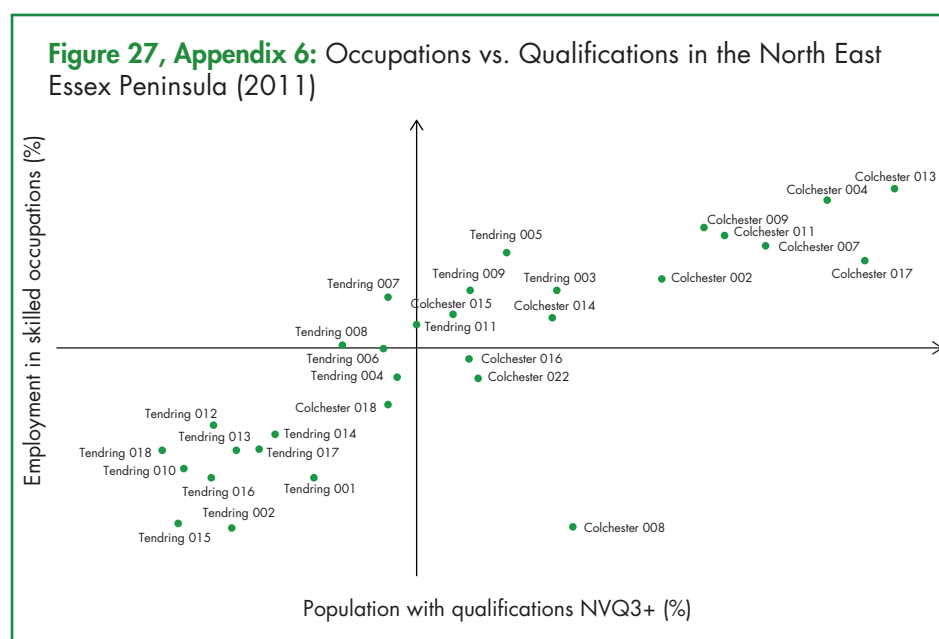
Runnymede	638.3	30.7	7.56	2
Sefton	472.2	31.1	7.8	2
Selby	553.4	42.7	7.87	2
South Derbyshire	496.7	38.3	7.93	2
South Hams	471.1	32.4	7.88	2
South Lakeland	478.4	30.8	7.94	2
South Ribble	482.2	34.2	7.9	2
South Somerset	502.1	31.4	7.77	2
Stafford	523.9	33.8	7.81	2
Staffordshire Moorlands	483.3	36.4	7.97	2
Stockton-on-Tees	502.4	33.6	7.89	2
Swale	491.8	38.2	7.85	2
Swindon	581.7	38.9	7.81	2
Teignbridge	431.6	32.2	7.81	2
Thurrock	540.3	35.3	7.74	2
Tower Hamlets	904.1	23.7	7.59	2
Tunbridge Wells	515.3	26	7.72	2
Wandsworth	627	20.1	7.65	2
West Lancashire	541.2	37.8	7.77	2
West Lindsey	512.9	34.8	7.81	2
Westminster	758.9	16.7	7.56	2
Weymouth and Portland	500.2	37.7	8.03	2
Wirral	498.2	31.2	7.75	2
Worcester	545.9	34.5	7.69	2
Huntingdonshire	546.3	33.2	7.71	1
Purbeck	541.5	35.9	7.99	1
Ribble Valley	622	36.2	8.06	1
Rochford	482	22.8	7.81	1
Rushmoor	638.1	35.7	7.8	1
Amber Valley	548.2	37.9	7.8	1
Basildon	536.6	31	7.7	1
Bexley	578.8	29.5	7.78	1
Blaby	501.3	30.8	7.94	1
Bracknell Forest	672.6	30.7	7.7	1
Brentwood	684.9	26	7.73	1
Broxbourne	566.9	26.1	7.77	1
Broxtowe	519.3	28.4	8.1	1
Cambridge	601.4	32.6	7.68	1
Central Bedfordshire	523.6	27.3	7.81	1
Cheltenham	537	37.4	7.85	1
Cheshire East	529	25.9	7.91	1
Chichester	500.8	28.4	8.05	1
Chorley	490.4	31.6	7.88	1
Copeland	827.7	38.1	7.89	1
Crawley	580.5	37.2	7.81	1
Daventry	503	28.5	7.95	1

Derbyshire Dales	530.3	17.4	8.02	1
East Devon	490	31.8	8.03	1
East Dorset	507	29.8	7.9	1
East Riding of Yorkshire	491.5	32.2	7.91	1
Epsom and Ewell	504	28.2	7.95	1
Fareham	550.9	30.7	7.78	1
Fylde	641.6	33.8	8.19	1
Gedling	583.6	30.1	7.77	1
Harborough	488.6	20.8	7.97	1
Harrogate	491	23.3	8.01	1
Hillingdon	645.5	31.1	7.77	1
Horsham	529.9	26.5	8	1
Kingston upon Thames	586.5	24.2	7.69	1
Lewisham	603.1	31.2	7.7	1
Lichfield	492.8	24.5	7.91	1
Maidstone	555.6	37.7	7.94	1
Maldon	565.4	22.5	7.71	1
Merton	574.9	27.7	7.74	1
Mid Suffolk	507.3	30.3	8.07	1
North Dorset	495	27.4	8.1	1
Oadby and Wigston	485.5	31.7	8	1
Poole	538.7	32.8	7.78	1
Reading	641.3	26.8	7.71	1
Rugby	581.4	34.4	7.83	1
Rutland	499.4	31.2	7.96	1
Solihull	601.9	29.3	7.77	1
South Bucks	631.3	20.2	7.72	1
South Gloucestershire	595	28.7	7.77	1
South Staffordshire	552.1	36.4	8.01	1
Southwark	709.4	25.4	7.69	1
St Edmundsbury	489.8	30.6	7.93	1
Stockport	518.1	31.4	7.89	1
Suffolk Coastal	574.9	34.1	7.85	1
Sutton	564	25.5	7.74	1
Test Valley	543.3	34.6	7.86	1
Tewkesbury	608.1	35.8	7.84	1
Trafford	517.5	21.6	7.86	1
Vale of White Horse	658.4	34.1	7.83	1
Waltham Forest	555	31.6	7.69	1
Warrington	538.4	30.7	7.78	1
Warwick	568.6	26.4	7.73	1
Watford	586.7	25.7	7.71	1
Wealden	506.2	28.4	7.84	1
West Dorset	485.9	31.9	8.06	1
Wiltshire	524.4	27.3	7.86	1
Eastleigh	531.7	28.2	7.9	0

Exeter	544.9	33.4	7.88	0
Aylesbury Vale	544.1	27.5	7.86	0
Barnet	599.3	21.3	7.83	0
Basingstoke and Deane	583.2	27.7	7.83	0
Bath and North East Somerset	543.3	25.4	7.79	0
Bromley	549	25	7.88	0
Chelmsford	565.4	28.9	7.95	0
Cherwell	583.7	28.9	7.88	0
Chiltern	580.3	20.8	8.05	0
Dacorum	548.6	28.6	7.81	0
Dartford	602	31.3	7.81	0
East Cambridgeshire	548.5	27.5	8.06	0
East Hampshire	574.9	26.8	7.86	0
East Hertfordshire	565.3	27.6	7.81	0
Epping Forest	559.7	28.1	7.95	0
Gravesham	538.6	30.7	7.84	0
Hart	651.9	26.6	8.1	0
Hertsmere	617.4	29.4	7.99	0
Kensington and Chelsea	620.8	18.6	7.89	0
Lewes	580.2	27.6	8	0
Mid Sussex	544.3	24.2	7.99	0
Mole Valley	617.3	18.3	7.98	0
North Hertfordshire	564.4	27.4	7.97	0
Oxford	647.6	24.4	7.82	0
Reigate and Banstead	640.3	27.6	7.83	0
Richmond upon Thames	613.2	14.1	7.8	0
Rushcliffe	535.3	24.1	7.9	0
Sevenoaks	542.8	26.9	7.94	0
South Cambridgeshire	629.6	19.4	7.79	0
South Norfolk	538.9	28.8	8.05	0
South Northamptonshire	548.8	29.6	8.01	0
South Oxfordshire	561.2	18.2	7.99	0
Spelthorne	651.4	30.4	7.96	0
St Albans	574.3	23.8	7.84	0
Stevenage	634.6	29.3	7.82	0
Stratford-on-Avon	572.4	24.6	7.97	0
Stroud	545.3	28.6	7.83	0
Surrey Heath	569.5	18	7.95	0
Tandridge	536.8	23.8	7.87	0
Three Rivers	653.2	31.7	7.96	0
Tonbridge and Malling	536.3	28.5	7.84	0
Uttlesford	555.5	19.9	8.17	0
Waverley	583.7	21	8.02	0
Welwyn Hatfield	635.1	28	7.79	0
West Berkshire	655.1	26.3	7.89	0
West Oxfordshire	563.4	25	7.83	0

Winchester	626.5	16.6	8.02	0
Windsor and Maidenhead	635.7	21.5	7.86	0
Woking	614.5	20.6	7.93	0
Wokingham	655.4	21.6	7.92	0
Wycombe	625.2	27.8	7.86	0

Appendix 6 – Colchester-Clacton-Harwich corridor



Source: Census 2011 via
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