
CHAPTER THREE

Manufacturing

The industrial sector in the UK accounts for 29 percent of CO₂ emissions, with the bulk of those emissions coming from manufacturing processes⁷⁶. For net zero to be achieved, manufacturing must become more efficient, circular, and hi-tech.

Local councils of all types have a facilitatory role to play in supporting business and investments in their areas, with planning authorities in particular able to leverage their powers in support of a just transition in manufacturing – especially in Enterprise Zones.

76 Griffin et al (2016) – Industrial energy use and carbon emissions reduction: a UK perspective

Key points

Driving decarbonisation

- While significant progress has been made in decarbonising the UK's manufacturing industry, much of the 'low-hanging fruit' of emission-reduction has now been achieved, the situation now requires greater innovation and associated investment to push further along the road to net zero.
- Decarbonisation of manufacturing must be considered in the context of a just transition – particularly in the context of the cost-of-living and energy security crises brought to the fore in 2022.
- While lacking obvious powers to directly influence the sector, local authorities can use indirect routes, such as their convening power and the provisions of local planning, to drive change in the sector.
- Councils also have a role to play – financial, advisory, and strategic – in ensuring a just transition at the local level.

Achieving clean growth

- Driving innovation in manufacturing – both in terms of methods and the actual goods produced – can boost productivity and exports, growing the national economy.
- High-tech, transferable skills can be amassed at the local level through coordination between manufacturers, educational institutions, and local authorities.

3.1 The current national picture

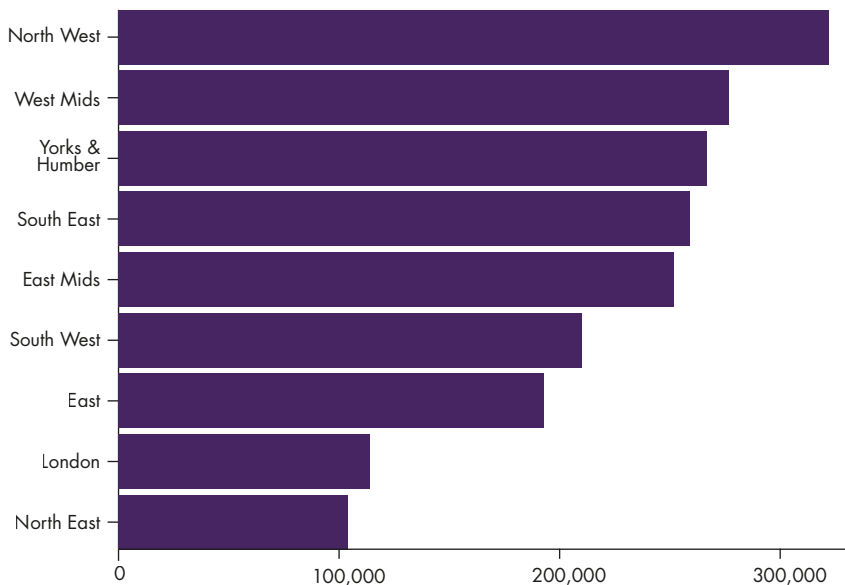
3.1.1 Pathways to industrial decarbonisation

A lot has changed since the height of the first Industrial Revolution when Britain was known as the "Workshop of the World". Yet manufacturing still plays an essential role in the UK economy, contributing £170bn annually – nine percent of the UK's GDP – and providing 2.6 million direct jobs⁷⁷ as well as over five million jobs across the value chain. With this output, however, come carbon emissions. It is estimated that the manufacturing sector is responsible for 20 percent of the UK's greenhouse gas emissions, with two thirds of these thought to be from energy intensive users such as steel, glass, and ceramic manufacturers. However, this also demonstrates the vast potential for industrial decarbonisation and demonstrates

the impact this could have in helping meet the UK's 2050 net-zero target.

The UK's Industrial Decarbonisation Strategy was published in March 2021⁷⁸, setting out an ambition to cut emissions from industry by two thirds by 2035 (compared to 2018 levels), which will be reviewed and updated every five years. It sets policies for near-term decarbonisation, including measures to build markets for low-carbon products and energy efficiency improvements. The strategy falls short however, because it sets out little detail on how to realise its ambitions, especially with no new funding.

Figure 10. Jobs in the manufacturing sector



Source: Business Register and Employment Survey

While manufacturing sectors are quite varied, many have the same requirement for fossil-fuel-intensive combustion processes, resulting in significant direct, indirect, and process GHG emissions. The UK manufacturing sector's historical emissions trend appears promising, having declined by 57 percent since 1990. However, this masks the fact that most of the low-hanging fruit, in terms of efficiency improvements, have now been achieved and further abatement is not possible

without significant disruption to technological production routes⁷⁹. Investment in innovation will therefore be key to both achieving productivity growth and decarbonisation in the UK's manufacturing sector – with long-term funding and vision required to develop individual businesses, wider infrastructure and human capital.

The challenge for governance is to provide a mix of incentives for private investment whilst also deploying state investment in the physical and human capital needed to make such investment viable – providing ample opportunity to work with councils as the locus of governance in different areas across the country. The availability of low-carbon hydrogen and CCUS, for example, is likely to be critical for the deep decarbonisation of some industrial sectors, alongside low-carbon electricity. Both will require the development and deployment of necessary infrastructure, supported by government investment. Key recent policies to this end include the Industrial Clusters Mission under the Industrial Strategy Challenge Fund, grant funding towards CCUS innovation and deployment, and the Low-carbon Hydrogen Production Fund⁸⁰.

3.1.2 The importance of a just transition

The route to clean growth involves continuing to reduce emissions through greater efficiency, new technologies and clustered industries. As the country's economy decarbonises, there will be an increased focus on 'green manufacturing'⁸¹, specifically the development of green technology and the introduction of energy efficient and zero-carbon manufacturing processes. Automation is increasingly seen as a key element of green manufacturing and embedding sustainability into the process. As such, efforts have been directed at research and innovation in this area to further boost it.

On the other hand, automation poses a real risk for the livelihood of many people working in the sector. Given this, a just transition in the manufacturing sector will be of particular importance to avoid damaging impacts on local labour markets and ensuring people continue to prosper as the economy transitions to net zero. In this context, a just transition means ensuring that the process of decarbonisation happens without the livelihood and job security of places and people being put at risk. Attention must be paid to labour market dynamics – both in providing new pathways to high-skilled employment and a transition away from lower-skilled, less efficient manufacturing. The local state and associated institutions are well-

79 UCL (2021) – Towards net zero in UK manufacturing

80 CREDS (2020) – Industrial decarbonisation policies for a UK net zero target

81 Li et al (2013) – Automation in Green Manufacturing

positioned to do so if empowered.

Concern has been raised over the potential risk of a vacuum being left in the manufacturing sector, particularly in jobs typically considered to be ‘low-skilled’, by central government’s immigration and skills policy. Automation and other technological solutions to addressing this vacuum should undoubtedly be invested in and proliferated, but this must be done in a ‘just’ manner that does not leave working people redundant and skills-deficient, or have SMEs run out of money and go out of business. Furthermore, technological solutions, although important, are likely to pale in comparison to the potential of a nationwide re- and up-skilling programme – as ultimately automation in manufacturing being a threat to livelihoods is a symptom of skills gaps left unaddressed.

3.1.3 Reducing industrial emissions in the post-Brexit environment

The overarching mechanism for large-scale carbon reduction in UK industry has been the EU ETS cap and trade schemes in which eligible facilities buy and sell tradeable emissions allowances to cover their annual emissions, with a ‘cap’ set on the total emissions permitted by all allowances under the scheme. Guaranteeing a level of emissions in line with or below a determined ‘cap’ encourages decarbonisation by providing a price signal for low-carbon investment, whilst the market-based approach encourages least cost abatement⁸².

Since May 2021, and the UK’s exit from the EU, the UK ETS has been in place and open for trading. It works in a very similar way to the EU scheme, except that it only applies to the UK. Additionally, at the time of writing, the UK ETS is somewhat more ambitious than the EU ETS, with a price cap five percent lower than it would have been under the EU ETS. However, there is still much progress to be made, especially regarding the lack of commitment on decarbonising steel production despite the CCC’s recommendation of reducing ore-based steelmaking to near-zero emissions by 2035. On the demand side, there should be a focus on carbon pricing, competitiveness, and procurement. On the supply side, funding infrastructure development and new technology should be targeted.

3.1.4 The role of the subregional, LEPS, and the need for consistent policy

Regional bodies have existed in one form or another over the last 20 years to help address the regional gap in productivity and boost economic growth. In 1998, the New Labour government introduced nine Regional Development Agencies. These

82 CREDs (2020) – Industrial decarbonisation policies for a UK net zero target

were non-departmental public bodies tasked with driving economic development and business efficiency as well as delivering a Regional Economic Strategy in their respective regions.

As part of the coalition government's drive to cut the deficit, RDAs were abolished in 2012, with Local Enterprise Partnerships being introduced two years earlier in 2010. LEPs are comprised of voluntary partnerships between local authorities and local businesses and there are 38 active LEPs across England. LEPs were then put in charge of producing Local Industrial Strategies that have been aimed at delivering economic prosperity in each region of the country.

While a number of Local Industrial Strategies have been produced⁸³, a combination of years of focus on Brexit, a change of government, and then COVID-19 led to the momentum behind them stalling. This was reinforced by the Johnson administration ultimately shelving the idea of them⁸⁴, turning its focus towards the new mantra of levelling up.

The Johnson administration released the Levelling Up White Paper⁸⁵ in 2022, setting out an outline for a long-term, cross-governmental policy regime against which to define and develop the future of regional economic development. The manufacturing sector has a notable role to play in this vision and helping level up regional economies, particularly when thought of in its constituent parts: innovation, research & development, and production. LEPs are well-placed to lead in bringing out the potential of sector.

To do this, LEPs need clarity over the future of LIS, so that they know how best to effectively produce them. Despite being shelved for the moment, LIS are based on valuable knowledge of the local economy and key sectors. Regions need strategies to show which sectors need support, where growth can be best invested in, and the scale of delivery required. LIS can deliver that function and will need to be continuously reviewed and updated to ensure that they are relevant and attainable. Going forward, government need to address the status and role of LIS as a matter of urgency.

Elsewhere, LEPs will be vital in linking providers of further education with employers to gain an understanding of the skills availability and demands of the local labour market, as well as demonstrating the value of certain skills pathways in the context of contemporary clean growth.

83 LEP Network – Local Industrial Strategies

84 LGC Plus (2021) – Exclusive: Concern over apparent shelving of local industrial strategies

85 DLUHC (2022) – Levelling Up White Paper

3.2 Local authority powers and capacity

Local authority powers and capacity to drive decarbonisation – manufacturing

Power	District/Unitary	County/Unitary	LEP
Soft power	<ul style="list-style-type: none"> • Can use convening power and local knowledge to promote the uptake of training in high-tech manufacturing. • Can provide a local interface for businesses to access opportunities for funding at subregional, regional, and national levels. • Can create local area energy plans to initiate discussion on infrastructure decarbonisation. 	<ul style="list-style-type: none"> • Can use convening power and local education authority status to promote the uptake of training in high-tech manufacturing. • Can use Growth Boards to bring together stakeholders and generate strategy. 	<ul style="list-style-type: none"> • Can use Skills Advisory Panels to formalise strategy for upskilling and reskilling.
Hard power	<ul style="list-style-type: none"> • Can use local plans to set conditions for and incentivise decarbonisation. • Can fast track development and put Local Development Orders in Enterprise Zones. 	<ul style="list-style-type: none"> • Can use public estate and council funds to finance business support programmes. 	<ul style="list-style-type: none"> • In areas designated as Enterprise Zones, can retain business rates and invest locally.

3.2.1 Local indirect routes to decarbonisation

Given that most energy-intensive manufacturing industries are based in specific areas of the country, including coastal areas and regions in the North and South West, local authorities will evidently have a significant role to play in the decarbonisation of the sector. This is something that was previously acknowledged by government through their policy on Local Industrial Strategies introduced in

2017, which gave a framework and direction for local areas to work with.

However, since their scrapping in the Plan for Growth, the Select Committee for Business, Energy and Industrial Strategy have noted that there is a distinct lack of structure that can underpin strategic conversations about industrial decarbonisation policy at the local level⁸⁶. This has led stakeholders to argue that local influence on industry decarbonisation is limited to indirect routes⁸⁷. Particularly given the limited powers of unitary, county, and district councils to coordinate major overhauls of industrial practices.

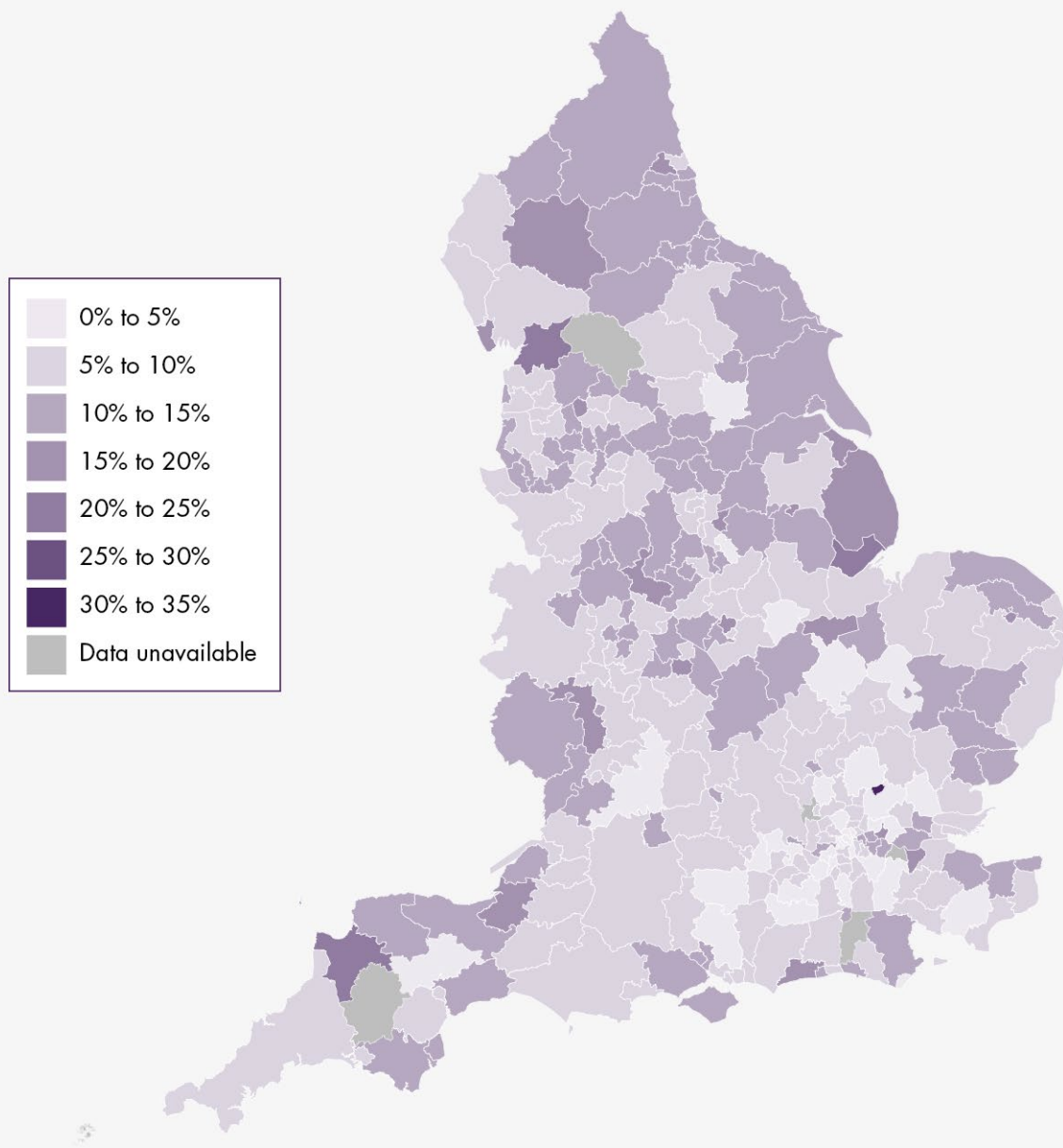
Skills

Local authorities' ability to act on the green skills agenda is a leading way through which to influence the decarbonisation of manufacturing. The current lack of skills and training opportunities needed for the transition to low-carbon manufacturing is a challenge for the practical implementation of decarbonisation strategies that may be planned. Equally, it provides an opportunity for authorities to work with local state stakeholders in supporting the local workforce to enhance their skillset.

86 BEIS Select Committee (2021) – Post-pandemic economic growth: Industrial Policy in the UK

87 UKERC (2022) – The role of local action in addressing industrial emissions

Figure 11: Proportion of workforce in elementary occupations (%)



Source: Annual Population Survey

Strategic coordination

Local authorities of all shapes and sizes being facilitators and convenors of place allows them to lead on strategic engagement with all local state stakeholders central to the decarbonisation of manufacturing industries. Local authorities can link manufacturing anchors looking to decarbonise their production and supply chain with business and economic stakeholders such as the Local Enterprise Partnership as well as skills providers including FE colleges to better understand a common way forward. Specifically, local authorities have the ability to embed manufacturing anchors in employment and skills partnerships.

Where they exist, LEPs will be a vital local-state partner to coordinate closely with. However, more clarity is required on the roles and responsibilities of LEPs in relation to other arrangements for strategic coordination such as enterprise zones. The Levelling Up White Paper made clear the importance and value of LEPs, yet it remains that their functionality could be absorbed into those of a combined authority, local authority, or indeed enterprise zones.

Where forming a combined authority is not possible, and enterprise zones lack in potential, LEPs should take precedent. In these instances, they would need increased powers to make them semi-equivalent in terms of other convening and regional powers. In the absence of this, it is made more difficult for local authorities that sit below to convene effectively.

Relatedly, an advantage for the manufacturing sector of LEPs as convening bodies is their ability to commission surveys of the sector over wider areas. This could allow for useful data collection and bespoke mappings of supply chains. This would allow for support to be targeted where it is needed most.

Planning

The planning system provides another route through which local planning authorities, including district councils, can influence the decarbonisation process of manufacturing. They have the ability to set the conditions for and incentivise manufacturing firms to decarbonise through better utilising the powers of their local plans.

Looking at planning more broadly, strategic planning is also a tool available to local authorities. For example, it has been noted that Local Area Energy Plans⁸⁸ can help inform conversations about the decarbonisation of infrastructure – including infrastructure required by the manufacturing sector. The creation of these

plans is a process that can help enable the transition to net-zero energy systems, and while they may not be enough in and of themselves, they can act to bring all relevant stakeholders together.

3.2.2 Local authority support to Enterprise Zones

One area in which local authorities can utilise their powers to drive innovation is Enterprise Zones. First launched in 2012, these are designated areas across England aimed at supporting business innovation and local economic growth through providing tax breaks and government support to firms located in them. There is a strong sectoral focus in areas including automotive aerospace, renewable energy, and advanced manufacturing. Going forward, they will be at the forefront of decarbonisation in various different manufacturing sectors. And while Enterprise Zones are hosted by Local Enterprise Partnerships, there are actions local authorities can take to drive their growth.

Local authorities are in a prime position to lobby central government for increased funding and resources to be directed towards zones they may be working with for their ongoing development, especially when it comes to funding for their expansion. Relatedly, the local planning system can be used to propel these zones. For example, local authorities can put in place Local Development Orders that grant automatic permission for certain types of development within designated areas. Elsewhere, the planning authority can fast-track applications coming out of Enterprise Zones.

In terms of business support and setting the right conditions for investment, the fact that 100 percent business rates are retained by the relevant Local Enterprise Partnership and local authority for 25 years means that all rates raised can be reinvested back into the zone and wider local area to drive economic growth and attract more businesses to set up shop. The Investment Zone policy announced as part of the 2022 Growth Plan could potentially follow this framework to drive growth, however it is important that local authority priorities on decarbonisation and the environment are not pushed to the side. Local government should be empowered, not circumvented, in investment zone policy. Enterprise Zones work well when legislation works with local democracy rather than seeking to work around it. Coordinated and strategic local skills policy is also crucial to maximising the growth potential of investment zones.

Overall, the Enterprise Zone model has worked well precisely because of its empowering effect on the local state and benefits brought to regional economic growth. What makes the Enterprise Zones unique is the ability of local state stakeholders to decide where and how to re-invest funding retained at the local level, including in up- and re-skilling the local workforce and on clean growth.

On the other hand, stakeholders within the manufacturing sector have spoken with caution about the recent investment zone policy proposals. While the idea of deregulated zones could bring short-term growth potential, on a holistic and more macroeconomic level, it amounts to little more than a rearranging of existing capital and revenue, rather than growth *per se*.

Enterprise Centre at Langcliffe Quarry in Craven District Council

Craven District Council have invested £50,000 into the redevelopment of a former waste depot at Langcliffe Quarry to create a new enterprise centre that will benefit from state-of-the-art fibre optic broadband. The new development will create over 26,000 square feet of new business space and is being additionally supported by the York and North Yorkshire Local Enterprise Partnership.

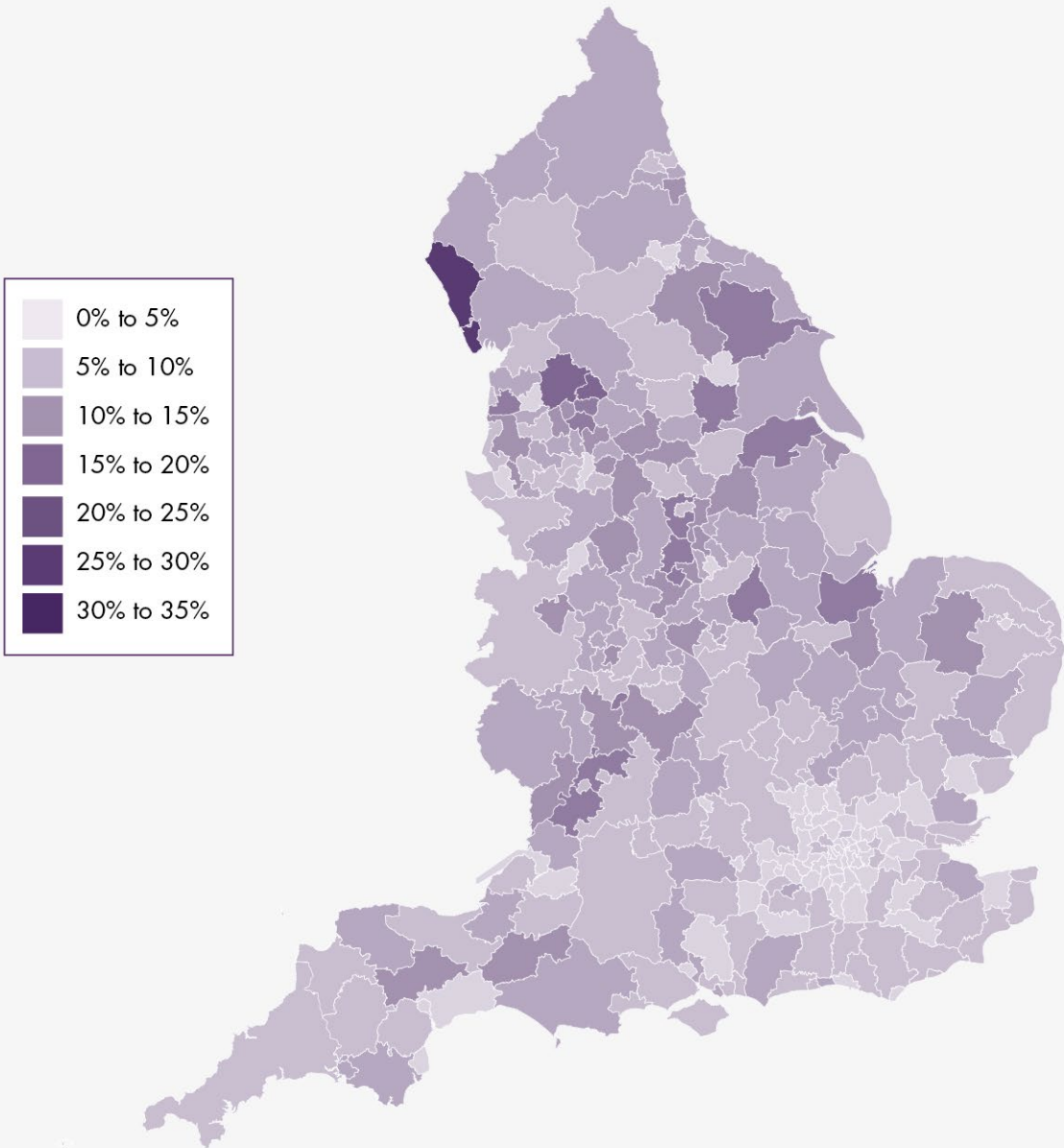
The development includes eight light industrial business units for B1, B2 and B8 uses ranging from 1,013 to 8,325 sq ft. Set out in three terraces, the units have been built to afford the highest sustainability performance possible, including the installation of roof mounted Solar PV panels, rainwater collection, low voltage lighting, and low emissivity glass.

3.2.3 Just transition at the local level

While automation in green manufacturing poses a certain threat it also provides an opportunity for the local state stakeholders to work together in preparing the local labour market for the jobs that will be created and transformed as a result of this shift. Automation will inevitably eliminate certain jobs, but it will also create job opportunities that will require higher and specific skills.

Localis previously assessed⁸⁹ the local powers councils have to drive change toward clean growth in manufacturing and found that local government have limited powers with which to act. Combined authorities have the ability to work closely with LEPs in directing finances towards emerging green technologies and associated skill needs, however they lack regulatory powers to enable them to act at pace and independently, which is worrying in light of the threat of automation. Unitary, county, and district councils are further limited in terms of what they can do, although they can use council-owned assets to implement a circular local economy – something that can be part of a just transition.

Figure 12: Proportion of total jobs in manufacturing sector (%)



However, local government can use its convening power and strategic planning to lead on a localised response through the development of green skills and just transition strategies. This can help identify areas of the local labour market that are most at threat in the transition to a net-zero economy from factors such as automation. Coordinating at this level will require bringing together local and regional employers, education institutions, healthcare, and other relevant local state stakeholders to identify a set of objectives and work toward the same goals. The RTPI's call for Green Growth Boards would be a perfect body through which to direct this coordination. With all local state stakeholders working toward the same agreed and identifiable objectives, it becomes easier to build in the changes needed of the manufacturing sector into long-term planning for the development and investment of green infrastructure such as renewable energy generation.

The need to embed a just transition in the heart of climate action, and the vital importance of it for certain sectors, is well understood by the manufacturing sector, local government, and local state stakeholders. There is an awareness of the risks and opportunities involved for the manufacturing workforce in transitioning and Make UK's Green Skills Guiding Principles⁹⁰ demonstrates the sector's willingness to play its part in helping deliver a just transition. It is based on four pillars that include a commitment to help businesses with the green skills needed for the transition, to identify the areas of business where green skills are needed the most, engagement and alignment with the education system on skills, and delivering green and digital skills together.

3.3 Achieving clean local growth in the manufacturing sector

Opportunities	Barriers
<ul style="list-style-type: none"> Local authorities of all kinds can collaborate with each other and local businesses to incentivise Foreign Direct Investment through local skills initiatives, favourable planning policy and strategic coordination. Local authorities of all kinds can use council-owned assets and funds as well as strategies to help enact a just transition to decarbonised manufacturing. 	<ul style="list-style-type: none"> Many powers that can aid councils in driving FDI in green manufacturing methods and technologies are part of the now-abandoned Industrial Strategy's enterprise zones, leaving questions as to the further roll-out of such policy. Increasingly reducing council budgets can restrict ability to promote a just transition to decarbonised manufacturing.

Creating market conditions for clean local growth in the manufacturing sector

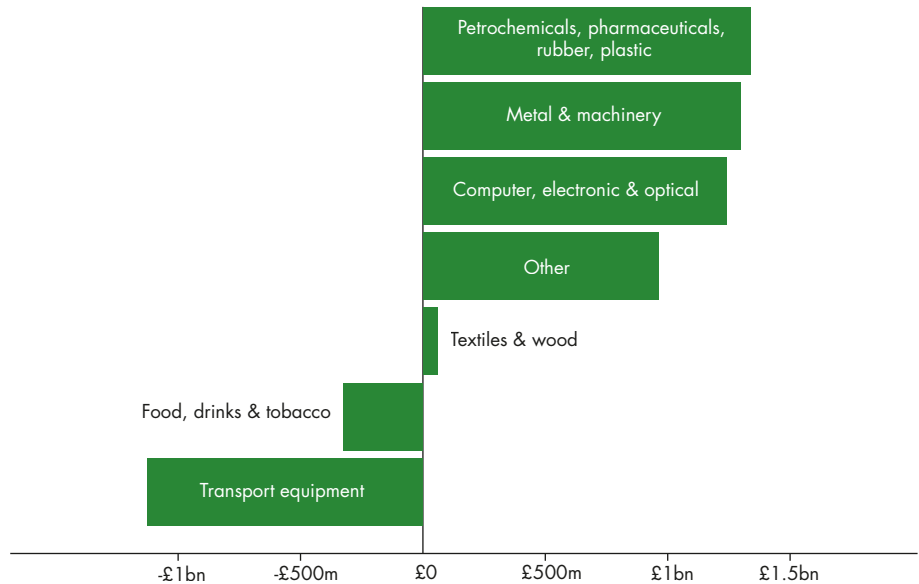
Local authorities have a strong role to play in providing market confidence and bringing in the investment needed to accelerate the decarbonisation and clean growth of their local economy. Creating the right market conditions for clean local growth in the manufacturing sector will entail:

- Using planning powers and the local plan to incentivise the decarbonisation of manufacturing practices. For example, fast track developments that are aimed at innovation in low-carbon manufacturing.
- Working collaboratively with neighbouring authorities to set up joint procurement entities prioritising the reduction of carbon emissions in manufacturing through a just transition.
- Lead on strategic planning and bringing together local state stakeholders to agree a common strategy for decarbonisation in local manufacturing that all work towards.

3.3.1 Modernising manufacturing through Foreign Direct Investment

Manufacturing jobs have been declining and transforming since the mid-19th century, from 40 percent of UK workers employed in the sector in 1845 to less than 10 percent today⁹¹. This decline should be seen in the context of a modernising manufacturing industry that will increasingly compete globally based on quality and sustainability and will be transformed by the digital revolution. The manufacturing jobs of the future are likely to be higher skilled, requiring degrees to support high-tech and professional occupations, and many jobs will become service jobs as research and servicing generate larger shares of revenues⁹².

Figure 13. FDI in UK manufacturing, 2020



Source: ONS

Mobilisation of capital in the coming five years is of pivotal importance to achieve the substantial changes within industries over the required timeframe. The CCC CB6 report states that the amount of investment required to achieve net zero across the entire economy must increase by around five times in the next ten years, from around £10bn in 2020 to £50bn in 2030. It is critical that the

91 The Economist (2016) - Britain's manufacturing sector is changing beyond all recognition

92 The Economist (2016) - Britain's manufacturing sector is changing beyond all recognition

policy framework and conditions are put in place, along with a clear pathway of government regulation to allow capital investments to take place on the short timescale required.

The indirect routes available to local government to exert influence on the manufacturing sector will also contribute to the investment offer of places and making them friendly to foreign direct investment especially. This is important to note because ultimately it will be this inward investment that will help drive the decarbonisation of manufacturing and make it ready for a net-zero economy.

Working on skills, planning, and most importantly building strategic partnerships with key stakeholders, will be of critical importance in maximising the potential of the UK's overall FDI offer in manufacturing clusters and Enterprise Zones. Two leading examples include the Doncaster rail partnership between Doncaster Council and local businesses to attract investment in innovation in the rail sector, as well as the LEP-led Enterprise Zone in Surrey focused on immersive digital technologies.

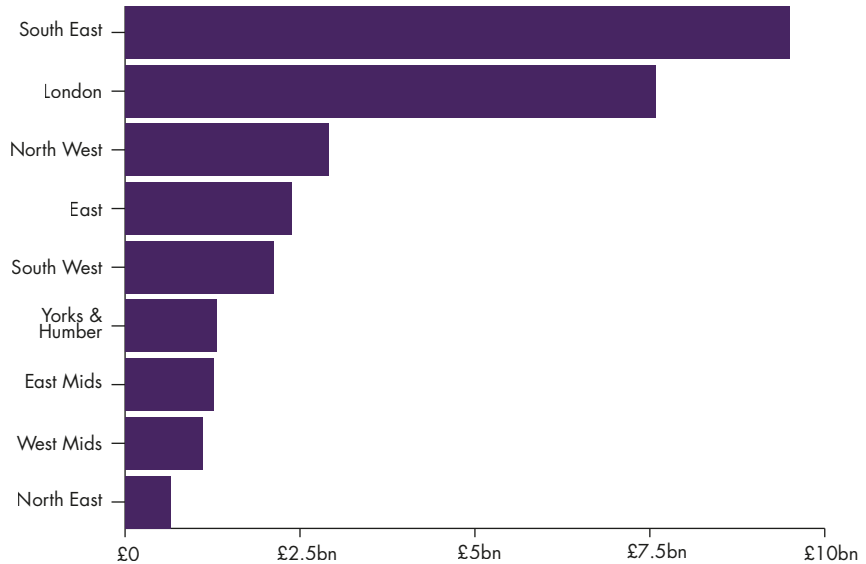
Business Doncaster is the council's inward investment business development service and works to draw investment into key sectors of the region. A leading one is the rail industry that has a large presence in Doncaster, which has for the last 150 years been 'at the forefront of national and international railway engineering and operational excellence'⁹³. Business Doncaster, which is a partnership of the local authority and business support partners that includes the Chamber of Commerce, serves as a first point of contact to help guide those looking to invest in the city's railway sector. As such, it acts to grow and strengthen the railway asset to spur local economic growth.

The Enterprise M3 region⁹⁴ in Guildford, Surrey is the centre for innovation in immersive visualisation and gamification. Its core sectors include augmented and virtual reality as well as the creative industries. Its potential lies in contributing to the global forecasted growth of £224bn by 2024 of the augmented reality, virtual reality, and mixed reality technology markets. Given the government's focus on supporting innovation by the development of creative technologies, the Enterprise Zone will continue to be of central national importance. On a local level, retaining 100 percent of business rates and reinvesting it back into the Zone will significantly enhance its appeal for foreign direct investment.

93 Business Doncaster - Key Sectors

94 Department for International Trade - Immersive visualisation and gamification in Enterprise M3, Surrey

Figure 14. Estimated FDI by region, 2019



Source: ONS

3.3.2 Reducing industrial emissions with a just transition

With regards to a just transition, the Yorkshire and Humber Climate Commission has been set up to advance the region's climate leadership. In particular, its stated aim is to '[accelerate] climate resilient, net-zero development through an inclusive and just transition'⁹⁵. The commission brings together public, private, and third sector actors to help deliver climate actions across the region. It has been supported by the council leaders from across the region as well as Yorkshire Universities, the Environment Agency, and Northern Powergrid, amongst many others.

Working at this scale has meant increased stakeholder buy-in and ability to act on immediate net-zero related challenges facing the region. The commission has published a Climate Action Plan that provides a framework for change and action. In particular, it calls for meaningful climate leadership from government, industry, and civil society in making contributions to fixing regional climate challenges.

One of the 13 commitments laid out in the plan is to 'commit to a just transition'. As part of this, the commission will develop a just transition plan that maps the link between climate change and inequality. Relatedly, the plan also commits the commission to working with skills providers, industry, and businesses to develop net-zero-related training across the region.

There are a number of examples where district councils have been working to support local businesses successfully undergo a just transition. The Low-carbon Across the South and East (LoCASE) programme is supported by the European Regional Development Fund to provide a free business support programme in the South and East. The aim is to help businesses become more competitive and profitable while protecting the environment and encouraging low-carbon solutions. Its partners include a number of county and district councils including Basingstoke and Deane and Rushmoor Borough Council.

South Lakeland District Council have partnered with consultancy firm Green Small Business to give local businesses the chance to get subsidised environmental advice and 12 months of Green Small Business certification. The district council is hoping for 20 SME businesses to sign up through 2022 and 2023. In addition to this, the council has subsidised the Purposeful Business Start-up Programme: Future Fixers. The programme gives people the skills and knowledge to run a green, ethical enterprise. The council's backing means the usual £495 fee is cut to £60 for South Lakeland residents. 38 businesses have graduated from Future Fixers' Purposeful Business Start-up Programme.

Overall, there are a number of ways to enact a just transition, and local government and the wider local state will always be at the heart of it. One pathway towards a just transition that has been advocated for is community wealth building⁹⁶. This would see action on climate change and economic growth brought together in a circular manner that delivers for and benefits local communities. Community wealth building can include the development of local retrofit supply chains that give back wealth to local residents through high wages, the public sector using their procurement powers to boost economic growth locally, or community- and council-owned energy generation infrastructure that reinvests profits locally.

An example of the community wealth building through procurement is Fusion 21⁹⁷, which is a social enterprise that specialises in public sector procurement through a framework approach that prioritises social value. Due to its legal structure, the

96 Rethinking Poverty (2022) – Local Government at the Heart of a Just Transition

97 Fusion 21- About Us

enterprise puts a percentage of its profits back into local social value projects that benefit local communities and businesses. Local authorities can learn from the example of Fusion 21 to set up joint procurement entities based on national frameworks that would be capable of doing the same, and in the immediate context redirect gains into local priorities such as tackling fuel poverty and accelerating a place-based just transition.

Lewes District Council⁹⁸ have placed community wealth building along with the climate crisis at the heart of their Corporate Plan. The work thus far has focused on council owned assets and using these to drive green sectors in the local area all the while providing opportunities for local residents. Activity on this has involved how best to bring good green jobs to those not in work. The council have worked with modular housing construction company Boutique Modern, who have teamed up with the local job centre plus to recruit people in need of work.

3.4 Case study: Hinckley & Bosworth

MIRA Technology Park⁹⁹ is a state-of-the-art global centre of excellence for transport technology, R&D, development and innovation. It forms one part of HOBIRA MIRA¹⁰⁰, which is a global provider of engineering, research, and test services in the automotive industry. The site offers fixed on-site engineering resources and R&D facilities that have been the focus of significant expansion over the last 10 years. MIRA Technology Park is split into two campuses; the majority sits north of the A5 in Leicestershire and comprises 860 acres. The southern campus comprises 175 acres and sits in Coventry and Warwickshire and will offer a larger footprint for advanced manufacturing. Over the last five years, focus has been on developing a larger scale offering and the delivery of buildings suitable for manufacturing at a greater scale. Currently, it hosts 40 companies on site with active plans for the expansion of the southern section, which is going through the planning process for its development.

Cross-cutting local governance and Enterprise Zone status

MIRA Technology Park sits across two administrative boundaries and close strategic coordination between the local authorities and state actors is necessary for its continual success. HBBC has led the co-ordination of work with Leicestershire and Coventry & Warwickshire LEPs, government office and neighbouring local authorities via the Mira EZ Strategy Board which has made coordination between neighbouring

authorities and local state stakeholders easier.

In 2011, the Park's CEO engaged with Hinckley & Bosworth Borough Council (HBBC) to help raise its profile both nationally and globally. Since then, the council has built a strong relationship with MIRA Technology Park to bring in the infrastructure investment required for its continued development. The council helped secure a Regional Growth Fund bid to government in 2013 of £19.7m, which acted as a catalyst that has allowed the site to expand its offer as a leading automotive cluster. After being awarded funding from the Regional Growth Fund, the council worked with Leicestershire LEP on getting Enterprise Zone status for the park, which bolstered its profile and its engagement with government.

For HBBC, Leicestershire LEP, and Coventry & Warwickshire LEP, a key benefit of MIRA Technology Park becoming an Enterprise Zone has been the ability to retain all business rates locally. This has allowed the council to reinvest the rates through the LEPs into the Park's continued development, which has helped attract more global companies. Becoming an Enterprise Zone has been key in overcoming growth challenges. There were infrastructure issues around energy capacity and road connectivity. However, through the successful RGF bids, significant investment was put in to upgrade the A5 into a dual carriageway, opening new development plots and improving power capacity and connectivity on the site.

From the perspective of MIRA Technology Park,

99 Horiba MIRA – Homepage

100 Horiba MIRA – About us

forming a close relationship with the constituent local authorities and local state stakeholders has been very important. They worked with both LEPs in the early stages regarding the vision for the site and plans for its further expansion. As it continues to grow, increased collaboration will be central to delivering the key infrastructure requirements needed to boost the parks status as a global automotive cluster. This will entail working with all levels of local government including the county council and across the Midlands.

Local investment and long-term skills pipeline

HBBC has been instrumental in the ongoing growth and development of the MIRA Technology Park. The combined campuses are projected to establish 5,000 direct jobs and 5,000 indirect jobs in the local economy. The council have facilitated a relationship between the Park and local FE colleges, local businesses, and the LEPs, which has helped secure the £9.5m MIRA Technology Institute. Further opportunities to support growth have been through the planning system, where HBBC committed to fast tracking every application of the Park. The ability to bid for and navigate government funding is another unique strength of local government which has helped grow the Technology Park and place it in a position of national significance. In addition to bidding for government funding, the council have themselves committed £8.75m investment into the site, which will help fund the development of low-carbon infrastructure and research and development facilities.

Collaborative working has been key to the delivery of the MIRA Technology Institute (MTI), which acts as a skills centre linking up local

FE colleges, universities and schools. Working with local FE colleges and universities in setting up the institute has meant that companies set up at the Park can find and develop employees with the required skills locally. It also has allowed companies to upskill existing employees and provide them with continued development. Nationally, programmes facilitated by the council and delivered via MTI, such as Primary and Secondary Engineers, have been transformational in encouraging young people locally to progress into careers in engineering. The Technology Park is a vital part of the local Functional Economic Market Area, which is why strategic coordination is so important between all local state actors. For HBBC, enhanced working with the MTI provides an opportunity to boost local economic growth and enrich the labour market with high skilled jobs for local people. Upskilling the local workforce can happen through continued investment in the site and the MTI, the latter of which is embedded in the council's employment and skills partnership. This means that MIRA can look locally to build supply chains and tap into the potential of the local labour market.

3.5 Recommendations to central government

- Launch a new wave of enterprise zones to help support the transition to net zero in the manufacturing sector whilst also growing regional productivity.
- Attach skills provision to enterprise zones through Local Skills Improvement Plans, ensuring that approval for zones is granted only on demonstration of a viable local skills supply chain for businesses in the target sector.