

Report of the Strategic Director of Place to the meeting of Executive to be held on 4 April 2017

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Subject: Bradford's response to the Industrial Strategy green paper

Summary statement:

On 23 January 2017, the Government published 'Britain's Industrial Strategy'. The Green Paper sets out the Government's plans and strategy for increasing productivity and driving growth across the country. The paper identifies 10 pillars that will drive future growth, drawing together in one place a range of largely existing policies and related funding streams alongside some new commitments.

This report outlines the key features of the Green Paper, implications for Bradford and the proposed response by the Council and its partners to the paper that will be submitted by the consultation deadline of 17 April 2017. This response will help frame the district's forthcoming economic growth strategy.

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Overview & Scrutiny Area:

Regeneration and economy



1. SUMMARY

- 1.1 On 23 January 2017, the Government published 'Britain's Industrial Strategy'. The Green Paper sets out the Government's plans and strategy for increasing productivity and driving growth across the country. The paper identifies 10 pillars that will drive future growth, drawing together in one place a range of largely existing policies and related funding streams alongside some new commitments.
- 1.2 This report outlines the key features of the Green Paper, implications for Bradford and the proposed response by the Council and its partners to the paper that will be submitted by the consultation deadline of 17 April 2017. This response will help frame the district's forthcoming economic growth strategy.

2. BACKGROUND

- 2.1 The Industrial Strategy Green Paper states:
- "The objective of our modern industrial strategy is to improve living standards and economic growth by increasing productivity and driving growth across the country"*
- 2.2 Three key challenges are identified in the paper:
1. Build on our strengths and extend excellence into the future
 2. Close the gap between the UK's most productive companies, industries, places and people and the rest
 3. Make the UK one of the most competitive places in the world to start or grow a business
- 2.3 The paper identifies 10 pillars that will drive future growth:
- two direct drivers of productivity improvement – science, research and innovation, and world-leading sectors
 - five enablers of growth – skills, infrastructure, business support, energy, and procurement
 - two geographical domains – international trade and investment, and driving growth across the country
 - finally one pillar looks at the institutional leadership of growth – both sector and place-based, and bringing these together.
- 2.4 The Government has identified 38 questions across the 10 pillars and has invited responses to the paper and the questions to be sent by 17 April 2017. The Council is working with partners including the Chamber of Commerce, University of Bradford, Producer City boards and Bradford Breakthrough to collate our response.
- 2.5 It has been agreed that a Bradford district response to the Industrial Strategy would be helpful, under the banner of the Producer City Board, to ensure business input.



- 2.6 Inputs into the development of a response include:
- Discussion with Chamber, University and WYCA colleagues 21 Feb 2017
 - Discussion at Bradford Breakthrough 24 Feb 2017
 - Producer City People and Innovation Board led workshop 16 March 2017
 - Discussion at Producer City Place Board 27 March 2017
 - Discussion at Chamber of Commerce Leadership Group 28 March 2017
 - Council officers are liaising with the Chamber of Commerce to gather information on key business priorities via contact with their membership.
- 2.7 Bradford has also worked with Leeds City Region Local Enterprise Partnership (LEP) and West Yorkshire Combined Authority to develop aligned responses. In particular Bradford would support the emphasis of the draft LEP responses in terms of an inclusive industrial strategy, a focus on a place based approach, and its health and social care sectoral focus.

Bradford is a member of Key Cities, which as a network are progressing some sector based work to help shape a response to the Industrial Strategy. Focusing on the relationship between key sectors and cities' capacity to target sophisticated support strategies, including in partnership with the University sector, the emphasis on both digital and healthcare sectors is particularly relevant to Bradford and will help shape the district's approach moving forward.

2.8 Key Industrial Strategy messages:

Investment associated with the Industrial Strategy needs to be at a scale that reflects both local and national growth ambitions. A rebalancing of the nation's economy requires a rebalancing of investment.

Investment in a Northern Powerhouse Rail stop in Bradford City Centre will release economic potential in Bradford and across the North.

The role of education is underplayed in the Industrial Strategy Green Paper. Investing in education in the North at a scale that reflects levels of investment in London is a better way to secure inclusive growth and social mobility than an emphasis on grammar schools. Bradford's Industrial Centres of Excellence are a model that merit further attention and investment.

The Industrial Strategy must be clear about the role of central Government in supporting people to get into work and progress within work as a driver of productivity that will support both businesses and people to prosper and progress. Addressing and decentralising the currently fragmented employment and skills system would go a long way to increasing productivity.

A strong place based approach to supporting productivity is critical to connecting the key components that drive productivity at a local level. Partners in Bradford and Leeds city region are committed to collaborating across key local institutions to knit together the pillars which might easily become silos, and connect economic policy with wider social goals.



2.8.1 Investment

Many of the initiatives within the 132-page paper are a recap of existing government programmes, initiatives and funding streams and we would argue that the Industrial Strategy will need to be backed up by greater levels of investment and devolution if it is to be effective.

As a nation we need to look at how we better support areas to transition from overdependence on industries that are declining. But fundamentally, it also means redressing the imbalance that has seen London receive nearly three times more government investment per head than Yorkshire and the Humber.

Investing in Research and Development (R&D) and innovation will increase productivity and create better quality employment opportunities. Nationally, the North receives less government R&D spend than London and the South East, and we would suggest that use of public resources could result in better economic and social outcomes if targeted more effectively in areas where there are greater opportunities for market growth.

In the context of infrastructure investment, Bradford Council forecasts a infrastructure funding gap of around £689 million (or around a 90% shortfall), between the cost of forecast infrastructure and anticipated income required to support the ambitions for growth in the District identified in the Local Plan to 2030. The Council intends to implement the Community Infrastructure Levy (CIL) in 2017. The CIL will help to meet the District's priorities by generating funding to provide infrastructure while being set at appropriate rates that will continue to attract investment, create jobs, and deliver new housing.

However, CIL will only fund a fraction of the infrastructure required to support growth in the District. The Council will continue to work with central Government and partners including the West Yorkshire Combined Authority to secure the funding required to meet the future infrastructure needs of the District to support housing and economic growth.

2.8.2 Infrastructure, transport and connectivity

Creaking railways and slow broadband is no way to compete in the 21st century. Bradford has welcomed the National Productivity Investment Fund, announced in Autumn Statement 2016, but even with this announcement Britain's public investment is still set to be lower than in the last Parliament.

The whole Northern economy is constrained by poor rail connectivity. HM Treasury analysis indicates that a re-balanced economy would be worth an additional £56 billion to the North of England. A recent Transport for the North (TfN) report suggests that improving rail and road links across the North could generate a £97bn increase in GVA and create 850,000 new jobs.

Building a Northern Powerhouse Rail (NPR) station in Bradford City Centre would be one of the most economically beneficial moves the Government could make.



Connecting Bradford to Northern Powerhouse Rail with a city centre station will transform the economic and cultural contribution of the city, amplifying the effectiveness of the Northern Powerhouse and accelerating the growth of the North's economy.

Northern Powerhouse Rail provides Bradford with a once in a life time opportunity to improve its rail connectivity and will allow the city to operate to its full potential, contributing to economic growth across the North of England, supporting the Government's objective to rebalance the UK economy away from London and the South East. Steer Davies Gleave in their recent report '*A strategic case for Investment in the Calder Valley line*' found that if Bradford was part of the NPR network then it would generate conventional benefits worth £1.3 billion.

East - West road connections are also critical to the movement of goods and services across the North, with the only current motorway connection being the M62 which has already reached capacity. There is a need for alternative strategic routes across the Pennines with a North trans-Pennine corridor having the potential to connect key businesses in North, parts of Bradford to Lancashire and the North West through an extension to the M65. TfN recognises this route's potential and is likely to undertake further feasibility work as part of their route strategies programme.

2.8.3 **Education and skills**

While the Industrial Strategy identifies some of the problems with the performance of the current education system, it does not go far in identifying an approach to address them.

The Institute for Public Policy Research found that secondary schools in the North receive on average £1,300 less per pupil than schools in London. While the announcement of the Northern Powerhouse Schools Strategy by the Government is welcome, the proposed investment of £70 million equates to just £44 per secondary school pupil in the North.

While the drivers for significant improvements in educational attainment by the most disadvantaged pupils in London in recent years are complex, it seems clear that the London Challenge initiative has been instrumental in raising achievement through a combination of investment in teacher recruitment, leadership and infrastructure targeted at the least performing schools. This should be repeated in Bradford and across the UK.

Bradford is pleased to have been awarded Education Opportunity Area status by Government. Locally, Bradford Pathways and Industrial Centres of Excellence are being pioneered with a wide variety of school (primary and secondary) and college settings, the University of Bradford, and employers. This broad-based partnership has started to create a district-wide system of career-focused pathways that integrate academic and technical education focusing on career-related themes. Bradford Pathways as a multidisciplinary integrated careers and technical curriculum is a strategy to meet the objectives of raising standards and ensuring students are prepared for successful lifelong careers. One major goal of integrated



career and technical education curriculum is to give students an opportunity to connect the content covered in various academic subject areas to authentic applications in the world of work.

Four Industrial Centres of Excellence have been created that connect academic and technical education with real-world experience within our priority economic sectors covering the fields of advanced manufacturing and engineering, the built environment, science and environmental technologies, and business and finance. A fifth Industrial Centre of Excellence will be launched providing career-focused health and social care pathways. Industrial Centres of Excellence sit at the intersection of employer demand and labour market supply. These industry partnerships will help inform every preparatory career step by developing curricula and learning programmes that equip young people with the competencies, credentials, and experiences necessary for success.

The Industrial Centres of Excellence address mismatches in labour supply and demand by creating real-time “feedback loops”, platforms for regular interaction with employers and educators. Through labour market information analyses that identify demand for particular occupations and skills, feedback loops will bring together educators and workforce service providers to ensure that curricula, equipment, and learning experiences remain current and aligned with employer demand. Currently, there are 13 schools, three colleges, the University of Bradford and over 300 business supporting 13 career-focused pathways within the four Industrial Centres of Excellence.

Bradford Pathways is part of a wider approach focused on building a culture of shared accountability and collaboration across Bradford district through our Education Covenant. Our Education Covenant is unique – a unified effort to maximise and leverage resources from the voluntary and community, higher education, business, and government sectors. Our ambition is a District where all children and young people enter early adulthood healthy, educated, and well-equipped to lead productive lives and careers. While our local teachers, schools, colleges, and University are keys to the success of our children and young people they cannot do it alone. The Education Covenant is committed to helping the District’s children succeed from cradle to career by coordinating, informing, and guiding the efforts of a diverse group of individuals and organisations all focused on helping Bradford’s young people fulfil their great potential.

We would suggest that in building a system of technical education, boosting science, technology engineering and maths (STEM) skills and raising skill levels in lagging areas, the Government could learn much from these approaches developed locally in Bradford. To support the realisation of our ambitions we require Government to provide significant additional capital and revenue investment on a parity basis with London to develop the infrastructure to raise standards and support career-focused pathways.

2.8.4 Inclusive Growth

Such investment, and knitting together the current fragmented set of employment and skills agencies, programmes, and providers to build a more coherent and



effective workforce development system will raise productivity by realising the potential of our most important asset – the skills, ingenuity and enterprise of our people.

Too many people are currently disadvantaged and unable to participate fully in the economy. Improving city economies requires greater efforts to address barriers to employment, wage levels and progression in the workplace for our most disadvantaged residents. Inclusion and inclusive growth needs to figure prominently in the Industrial Strategy if we are to create an economy that works for everyone. The Industrial Strategy must be clear about the role of central Government in supporting growth that allows businesses and people to prosper and progress, and sees this as two sides of the same coin in a drive to greater productivity.

A key focus must be developing inclusive labour markets through an employment and skills system that moves beyond simply moving people into any job as quickly as possible to one that delivers the skills that productive businesses need.

Devolution (see below) offers a real opportunity to develop locally appropriate solutions to reach those ‘harder-to-help’ unemployed and underemployed people in the light of failings in marketised, nationally commissioned employment support programmes. With the Work Programme, only 1 in 20 Employment Support Allowance (ESA) claimants find a sustained job.

Experience in Bradford has shown how locally led employment and skills initiatives such as Get Bradford Working can be more effective in getting the most disadvantaged people into sustained employment as well as supporting business to improve their workforce performance. This needs to be recognised and supported by national Government.

2.8.5 Developing sectors

In the context of a diverse economic base like that in Bradford district and the wider Leeds city region, nationally derived target sectors often miss the opportunities local areas offer to identify local strengths and growth potential and focus on building local supply chain linkages. The key is to prioritise policies that can unlock emerging and latent potential.

In part this means putting the emphasis on outcomes over mechanisms like sector deals, and encouraging linkages between established and emerging industrial sectors. This encourages value creation and income generation along UK based supply chains and fosters connectivity between sectors. There is business interest in Bradford around developing locally specific sectoral approaches, particularly around both the digital sector and health and social care.

Bradford’s Digital Health Enterprise Zone is seeding an entrepreneurial eco-system themed around the development challenge of the prevention and management of long-term conditions in an ageing society. By connecting the demands of people and service providers with potential supply by entrepreneurs, large company solution-aggregators, financiers, professional experts, academic researchers and



teachers and student learners and innovators in high-quality, well-equipped places, the University of Bradford is supporting innovation, and businesses to benefit from innovation.

The University of Bradford intends to create at least two more “themed innovation hubs” over the next 5 years, in partnership with Bradford Council and the Leeds city region Local Enterprise Partnership. These would broaden the Bradford / Leeds entrepreneurial ecosystem to great effect; there is a role for central Government in sharing the risk inherent in establishing new hubs due to the public benefit derived from such business-led innovation.

Focusing solely on key high value growth sectors will increase productivity. But it is also important to recognise that productivity growth does not always create significant numbers of new jobs. Meeting the UK’s productivity challenge means that we also need to focus on increasing productivity and wages in low pay sectors that employ large numbers of people such as retail, hospitality and the care sector, and this has to be reflected in the development of the UK’s Industrial Strategy.

Bradford district, with Leeds city region are looking to scope potential work around health technology. This could potentially complement the development of a care sector deal that would play to local assets and strengths and reflect the growth potential of the care sector.

2.8.6 Devolution and place based solutions

The UK productivity challenge lies in those areas outside London and the South East. 28% of the UK’s GVA is generated by London alone. Despite London’s strength and global position, the UK contains 9 of the 10 poorest areas in Northern Europe. Raising UK productivity means ensuring regional cities fulfil their economic potential. The new Industrial Strategy will need to explicitly address this through an understanding of the reasons for the relative decline of UK’s second and third tier cities and the role of devolution and developing customised place based industrial strategies that build on local strengths and opportunities.

Creating an economy that works for everyone requires a shift away from fragmented policy developed nationally to one where local leaders work together with national Government, businesses, public services and residents to design and implement services that respond to local need and provide the platform for economic growth, successful places and stronger communities.

We would encourage Government to better understand the importance of devolution in driving economic growth and prosperity. A strongly place based Industrial Strategy could channel the efforts of both national and city region leadership, achieve much greater local engagement and traction, and drive economic growth in a way that truly benefits all.

2.8.7 Location of government agencies

Civil services jobs are over concentrated in London and some major cities and there is a clear economic argument for relocating these jobs to regional towns and cities. The presence of relatively high skill and well paid jobs associated with government



offices can help create a stronger and more balanced local economy.

In Bradford's case, HMRC is implementing an initiative named *Building our Future* and have announced plans to consolidate their existing 170 offices across the UK into 13 regional centres. Leeds has been announced as the location for the Yorkshire regional centre that will accommodate up to 4,400 employees and will see the loss of HMRC jobs from Bradford Grimsby, Harrogate, Hull, Sheffield, Shipley and York. For Bradford this will result in the loss of 2,300 jobs that will have a significant negative impact on Bradford district including:

- An £110 million decrease in district GVA
- The loss of up to £10.5 million of district retail spend
- A loss of £1.2 million business rates receipts for the local authority
- Additional public spending costs of £2.5 million

While recognising the importance of delivering effective and affordable public services we would encourage the Government to factor in the wider costs and benefits of such decisions. What is good for HMRC as a service may not necessarily be the best solution for the country as a whole. We would argue that inclusive growth metrics need to be part of the evaluation process used by departments which are publically funded when making decisions about where to best locate operations.

We also recognise the significant role of the National Museum of Science and Media to the Bradford district, and would welcome commitments from Government to relocate further assets away from the South East in a way that utilises this existing infrastructure to best effect.

3. OTHER CONSIDERATIONS

- 3.1 The work undertaken on engaging around the Industrial Strategy will segue into the development of an economic growth strategy for the district, developed in the context of structural changes to the national economy, withdrawal from the European Union, austerity, devolution and changes to Local Authority funding.
- 3.2 This will be a district economic strategy owned by the Producer City Board, and reflecting the whole of the district. Its role is to focus, assure and position the district. The strategy will incorporate the work being progressed around inclusive growth.
- 3.3 The final format and content of the strategy will emerge via meaningful engagement and development, and rest on the evidence base created. However, it may be desirable to develop and approach based around economic **narrative**, key **opportunities** that the district offers and areas of **focus** for us and partners. It could be that in terms of areas of focus there is a spread between the critical "must do" issues like education / skills and connectivity, and a focus on test bed issues where we can develop and trial innovative approaches that build on the opportunities Bradford offers.



4. FINANCIAL & RESOURCE APPRAISAL

- 4.1 The Government's Industrial strategy will be a key document that will underpin government investment programmes – ensuring Bradford makes connections and drives content will help create rationale for investment in transport, skills etc
- 4.2 Bradford and strategic partners including the Combined Authority already invests significantly in growth across sectors that match the identified themes in the proposed Industrial Strategy. A summary of capital and revenue budget commitments would cover Housing (£29.7m), Economic Development (£17.6m), Transport (£54.8m), Skills (£2.6m), and 'Resource Smart' projects (£2.9m). Regional capital and revenue infrastructure investment is included in the figures. Further investment would be expected to reflect the development of the district's forthcoming economic growth strategy as informed by the Industrial Strategy.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1 No significant risks.
- 5.2 The role of local institutions is flagged as a key pillar of the Industrial Strategy. Joining up effectively across institutions at both a district and within West Yorkshire Combined Authority and Leeds city region Local Enterprise Partnership structures is recognised as critical to building relationships with Government and supporting effective economic growth.

6. LEGAL APPRAISAL

- 6.1 No legal implications at this point. More detailed legal appraisal may be needed to address issues as they arise.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

As above, the importance of flagging the potential of inclusive growth in supporting greater productivity in the district and nation is a core component of Bradford's proposed response.

7.2 SUSTAINABILITY IMPLICATIONS

No direct implications.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

No direct implications.



7.4 COMMUNITY SAFETY IMPLICATIONS

No direct implications.

7.5 HUMAN RIGHTS ACT

No direct implications.

7.6 TRADE UNION

No direct implications.

7.7 WARD IMPLICATIONS

The response to Government will reflect opportunities and issues critical to the economy of the whole of Bradford district.

8. NOT FOR PUBLICATION DOCUMENTS

None.

9. OPTIONS

9.1 Option 1: Rely on partners' responses rather than respond directly.

9.2 Option 2: Respond to the Green Paper solely from a Council perspective.

9.3 Option 3: Provide a response based on the messages covered in this Executive report, which draws on input from key partners in the District and beyond. This option is recommended.

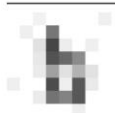
10. RECOMMENDATIONS

10.1 Support the key messages proposed for Bradford's response to the Industrial Strategy Green Paper, in advance of a formal submission by 17 April 2017.

10.2 Highlight key issues in the response to the Industrial Strategy that should frame the district's forthcoming economic growth strategy

11. APPENDICES

None



12. BACKGROUND DOCUMENTS

Industrial Strategy Green Paper:

https://beisgovuk.citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf

Summary of ten pillars of the Industrial Strategy:

<https://compositesuk.co.uk/system/files/documents/industrial-strategy-10-pillars.pdf>

