The UK’s Industrial Strategy and Delivering Local Growth

Simon Ridley, Director General
Decentralisation and Local Growth, DCLG
ADEPT Annual Conference, 24th November 2017
The UK’s economic challenge

“The UK, perhaps more than any other country in the European Union, is an agglomeration of quite different micro-economies … Closing these gaps would not only boost the size of the aggregate economic pie, but would lead to a more equitable distribution of its slices.”

Andy Haldane, Bank of England Chief Economist

Source: One Car, Two Car, Red Car, Blue Car (Bank of England, 2016)

“We know that our great cities beyond the capital have such great potential. That is what the Northern Powerhouse and Midlands Engine are all about....”

Rt Hon. Theresa May MP, Prime Minister

(The Times, Monday 20th Nov 17)
A series of reforms since 2010 have changed the government’s approach to driving local growth

- BEIS and DCLG working together and driving collaboration across government and the country;

- Establishing leadership across functional economic geographies – LEPs and MCAs.

- Bringing funding together to address local investment priorities – Local Growth Fund.

- “Place” in the Industrial Strategy Green Paper and upcoming White Paper
The forthcoming Industrial Strategy White Paper will be a partnership between business, academia, local government and the devolved administrations to transform the economy, create balanced growth and boost productivity.

It will be a vision for:

- an economy with innovation and creativity at its heart;
- a country where everyone has the chance to gain the skills and high quality jobs needed;
- greater investment in infrastructure;
- a globally competitive marketplace;
- prosperous, productive communities throughout the UK.
We will support places through the Industrial Strategy with strengthened leadership, credible strategies for growth and funding and incentives to help realise their ambitions.

- Developing LEP and MCA capability;
- Introducing long-term, credible local industrial strategies;
- Clear funding arrangements and investing in our key growth corridors;
- Addressing wider barriers to productivity.
This week.....

Key Budget Announcements

• To support Industrial Strategy, Budget set out additional investment targeted at areas crucial for productivity: housing, transport, R&D and digital communications plus a range of measures to help UK become a world leader in fields such as AI, driverless cars and low carbon technology.
• Further £2.3bn investment in R&D, demonstrating clear progress towards our ambition to raise the level of R&D investment in the economy to 2.4% of GDP and a £1.7 billion Transforming Cities Fund that will improve transport links and promote local growth within city regions.
• £15.3 billion of new financial support for housing over the next five years, bringing total support for housing to at least £44 billion over this period.

Further details...

• Greater Manchester and Oxford-Cambridge-Milton Keynes will be included in the first wave of Local Industrial Strategies. Government is also exploring the potential for a Local Industrial Strategy in the West Midlands. White Paper will set out full details of our approach.
• Further devolution deals will be developed with Greater Manchester and the West Midlands; we are agreeing a “minded to” deal with the North of Tyne; and committing to explore further devolution with Liverpool City Region and Tees Valley.
This week...

Northern Powerhouse and Midlands Engine

- **Northern Powerhouse** – £1.8 billion announced through budget for transport, devolution, regeneration and more, adding to £13 billion commitment to improve transport connectivity and cut journey times; an additional £70 million towards raising school standards; £3.4 billion into local growth projects; and £2 billion in devolved budgets to city region mayors.

- **Midlands Engine** – The first Manufacturing Zone pilot will be in the East Midlands, reducing planning restrictions to allow land to be used more productively. An East Midlands pilot as part of the new Challenge Fund that will encourage faster roll out of full fibre networks.

- The second devolution deal with the West Midlands includes £6 million for a housing delivery taskforce, £5 million for construction skills and £250 million allocation from the Transforming Cities fund. **Midlands Connect** will benefit from £2m to address key constraints on the Coventry – Leamington Rail Corridor and £4 million for congestion measures.
The Government has invited the corridor to work with it on meeting its enormous economic potential, for the benefit of local people and businesses, and the wider UK.

- NIC advises 1 million homes needed in corridor by 2050 to meet economic potential.
- At Budget, Government announced:
  - It welcomes 1 million homes ambition;
  - Commitments to East-West Rail and Oxford-Cambridge Expressway;
  - A housing deal with Oxfordshire – 100,000 homes by 2031;
  - Potential for major new settlements;
- We are inviting the area to set out its ambition – a corridor-wide vision to 2050, local industrial strategies, joint planning to align housing and transport.