

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**ECONOMIC REGENERATION ADVISORY BOARD**

**21 February 2018**

**Report of the Chief Executive**

**Part 1- Public**

**Matters for Information**

**1 INDUSTRIAL STRATEGY WHITE PAPER**

**To provide an overview of the Government's Industrial Strategy White Paper.**

**1.1 Background**

1.1.1 In January 2017, the Government launched a consultation on its 'Building our Industrial Strategy' Green Paper. This document set out a vision for a modern strategy aimed at improving living standards and economic growth by increasing productivity and driving growth across the whole country. The Council's response to this consultation was shared with the Economic Regeneration Advisory Board in July 2017 (Report ERG 17/12).

**1.2 Industrial Strategy White Paper**

1.2.1 The Government launched its Industrial Strategy White Paper in November 2017. The White Paper maintains much of the same ambition as the Green Paper, in terms of boosting productivity and competitiveness, although it moves away from having three areas of focus and 10 pillars that are important in driving forward the strategy across the entire economy. Instead, the Government identifies 4 'Grand Challenges':

- **Growing the Artificial Intelligence and data driven economy:** creating thousands of good quality jobs and potentially adding £232 billion to the economy by 2030.
- **Clean growth:** having cut emissions by more than 40% since 1990 at the same time as growing the economy by two-thirds, the strategy sets out ambitious proposals for continuing this progress through the 2020s through energy efficiency and investing in innovation in the low carbon industry.
- **Future of mobility:** identifies four early priorities in this area i) establish a more flexible regulatory framework to encourage new modes of transport; ii) address the challenges of moving from hydrocarbon to zero emission vehicles; iii) prepare for a future of new mobility services, increased autonomy, and journey sharing; iv) explore ways to use data to accelerate the development of new mobility services.

- **Ageing society:** with 1 in 4 people being 65 years old and over by 2046, there will be new demands for technologies, products and services (including new care technologies), new housing models and innovative savings products for retirement.

1.2.2 The strategy also focuses on 5 foundations of productivity:

- **Ideas:** the world's most innovative economy
- **People:** good jobs and greater earning power for all
- **Infrastructure:** a major upgrade to the UK's infrastructure
- **Business Environment:** the best place to start and grow a business
- **Places:** prosperous communities across the UK

### 1.3 Key Policies within the Industrial Strategy:

1.3.1 Some of the key policies highlighted within the Industrial Strategy are set out below in Table 1:

Foundations	Policies
Ideas	<ul style="list-style-type: none"> <li>i) Raise total R&amp;D investment to 2.4% of GDP by 2027</li> <li>ii) Increase the rate of R&amp;D tax credit to 12%</li> <li>iii) Invest £725m in new Industrial Strategy Challenge Fund programmes to capture the value of innovation.</li> </ul>
People	<ul style="list-style-type: none"> <li>i) Establish a technical education system that rivals the best in the world to stand alongside our world-class higher education system.</li> <li>ii) Invest an additional £406m in maths, digital and technical education, helping to address the shortage of STEM skills.</li> <li>iii) Create a new National Retraining Scheme that supports people to re-skill.</li> </ul>
Infrastructure	<ul style="list-style-type: none"> <li>i) Increase the National Productivity Investment Fund to £31bn</li> <li>ii) Support electric vehicles through £400m charging infrastructure investment</li> <li>iii) Boost our digital infrastructure with over £1bn of public investment, including £176m for 5G and £200m for local areas to encourage roll-out of full fibre networks.</li> </ul>
Business Environment	<ul style="list-style-type: none"> <li>i) Launch and roll out Sector Deals in order to increase sector productivity.</li> <li>ii) Drive over £20bn of investment in innovative and high potential businesses, including through the £2.5bn Investment Fund.</li> <li>iii) Launch a review of the action that could be most</li> </ul>

	effective in improving productivity in SME businesses.
Places	<ul style="list-style-type: none"> <li>i) Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities.</li> <li>ii) Create a Transforming Cities Fund that will provide £1.7bn for intra-city transport.</li> <li>iii) Provide £42m to pilot a Teacher Development Premium. This will test the impact of a £1,000 budget for high quality professional development for teachers working in areas that have fallen behind.</li> </ul>

**Table 1: Key Policies**

1.3.2 The strong emphasis on ideas and innovation is certainly welcomed and reflected a key point within the council’s Green Paper consultation response that *“recognition of the role that R&D plays in economic growth should be backed up by much greater investment in research facilities across the country, and not necessarily just those areas with a strong University presence”*.

#### **1.4 Local Industrial Strategies:**

1.4.1 There are references throughout the Industrial Strategy that hint at the importance of delivery at the local level if the aims and objectives set out within the document are to be met. A key element of this is the focus on Local Industrial Strategies, which it is hoped will start being agreed by March 2019.

1.4.2 These Local Industrial Strategies will be led by Local Enterprise Partnerships (in our case, the South East LEP) and will require strong public and private partnerships. The involvement of Universities, colleges and local institutions will be key. They will help to identify priorities to improve skills, increase innovation and enhance infrastructure and business growth, as well as guide the use of local funding streams and any spending on national schemes.

1.4.3 The emphasis on local delivery and Local Industrial Strategies does, in part, help to address some of the issues that the council raised during the Green Paper consultation, such as:

*“To succeed, the strategy needs the right mechanisms at the local level to ensure effective delivery. The West Kent Partnership, feeding in to the Kent & Medway Economic Partnership, should have a key role to play in this”*

*“The local impacts of national infrastructure policy need to be incorporated into the business cases and overall value for money assessments in order to ensure they are properly considered through a holistic approach to investment decisions”*

1.4.4 It is also hoped that the Local Industrial Strategy covering Tonbridge and Malling will also support the case for two other points made within the initial consultation.

1.4.5 Firstly, within the Industrial Strategy, the only 'offices' referred to are Government Departments, and the only 'property' given consideration is intellectual property. As such, the point still stands that:

*“Consideration needs to be given to greater protection of commercial premises and land to ensure local businesses and inward investors have the supply and range of available accommodation in order to enable local economic growth”*

1.4.6 Secondly, the Local Industrial Strategy will need to support the case for South East investment needs and provide a counter-balance to the Northern Powerhouse and Midlands Engine brands.

*“Although rebalancing the national economy is important, it should also be recognised that there are clear opportunities for building upon the successes of the South East economy, and addressing its areas of underperformance”.*

## **1.5 Legal Implications**

1.5.1 There are no legal implications arising from this report.

## **1.6 Financial and Value for Money Considerations**

1.6.1 These are no financial implications arising from the report.

## **1.7 Risk Assessment**

1.7.1 Not applicable.

contact: Jeremy Whittaker,  
Economic Regeneration  
Officer

Julie Beilby  
Chief Executive