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Local Industrial Strategies: Initial Observations

Key Points

- The LIS process has already led to significant benefits, including encouraging a new level of collaboration between stakeholders, and providing a catalyst for strategic overview of Place.
- Any analysis of Place should involve all the sectors that contribute economically, including enabling sectors and the full range of businesses and VCSE organisations which can and do make a contribution, including those headquartered there and elsewhere. It is important that the Government does not place too much emphasis, at too early a stage in the development of a LIS, on selected 'key' sectors, at the expense of foundations of wider productivity.
- Areas have typically commissioned detailed research into each of the foundations of productivity, into key sectors, and into Grand Challenges. Trailblazer areas, being further down the line, have taken this to the next stage - prioritising strengths and weaknesses in the foundations of productivity, and identifying the key limiting factor(s) to productivity and inclusive growth. It is important for second and third wave areas to do likewise.
- The focus on productivity in the LIS process, and in the UKSPF, is the right one. But in both there is a need for a recognition of the link between productivity and inclusive growth. An area's economic and social infrastructure is inextricably linked, especially in relation to people. It is important for central government explicitly to recognise this in LIS guidance.
- Business services providers have significant potential to contribute further to economic growth across the UK, building up economic and social infrastructure and helping to boost productivity. Some work has been piloted to look at this potential, including through the Professional and Business Services Council; there is much more that could be done.
- The LIS process has focused attention on the role of Place leaders on skills. There should be a two-way process: employers feeding into local skills assessments and the LIS, and then drawing on these in formulating skills strategies. Skills Advisory Panels provide a mechanism for this. Some Place leaders and employers have sought to co-ordinate apprenticeship activity, including that funded under the levy, especially in key sectors like construction.
- The desire is to be able to adapt provision to local need, including lifelong learning, retraining, and the need to develop skills which are adaptable and agile; and the need for pre-apprenticeship 'soft' skills. This has led to calls for further devolution of funds.
- There has been substantial discussion of the need to connect jobs, people, housing and infrastructure. One practical solution may be to make the local industrial strategy a 'material consideration' in planning policy; this would enable Place leaders to link directly the LIS strategy with the planning of housing growth in particular.
- The renewed emphasis on social value in procurement is a valuable opportunity to use public procurement locally to strengthen the foundations of productivity in response to the priorities identified in the LIS. This means those who take commissioning decisions need to be driven by value and by local priorities, and not simply by lowest cost, so a service contract results in a lasting legacy in social and economic infrastructure, inclusive growth, and the foundations of productivity.

Background

The BSA has organised seven Local Industrial Strategy (LIS) seminars across the country (as of mid May), involving mayoral combined authorities (MCAs), local enterprise partnerships (LEPs), local authorities, and businesses and VCSE organisations large and small. Three more are in the pipeline.

Progress on local industrial strategies has also been a central part of BSA discussions with other Place leaders in the last 12 months.

This note contains some initial thoughts from these meetings. They have taken place in almost all cases at a relatively early stage of the development of the LIS.

The business services industry encompasses ICT, business process outsourcing, facilities management, construction and infrastructure services, and managed public services.

The industry's relevance to the LIS process is through:

- the link with productivity. The industry is responsible for 8 per cent of GVA, of which 70 per cent is business-to-business¹, often behind the scenes. Research shows an increase in business-to-business outsourcing is positively correlated with productivity: an increase in outsourcing of 1 per cent adds £2 billion in productivity gains to the UK economy each year, as businesses focus on delivering their core activities more efficiently. Furthermore analysis of sectors which use outsourced services shows this resulting productivity growth is not coming at the expense of jobs. In addition, the most intensive users of outsourcing have also experienced more than double the average annual export growth²;
- its employment of people, rightly identified by the Industrial Strategy as one of the foundations of productivity. Business services is a people-intensive industry, responsible for some 3 million jobs across the UK³;
- Its decentralised nature. The industry is responsible for example for at least one in ten jobs across the North East, North West and South West⁴;
- its direct link with the other foundations of productivity, including infrastructure, ideas and the business environment, including using professional expertise to help micro-businesses and SMEs take the crucial next step to becoming medium sized businesses; and
- its contribution and potential contribution to the Grand Challenges - AI and data, ageing society, clean growth, and future of mobility.

Business services providers therefore have significant potential to contribute further to the economic growth of Places across the UK, building up their economic and social infrastructure and helping to boost productivity. Some work has been piloted to look at this potential, including through the Professional and Business Services Council, but there is much more that could be done.

MCAs and LEPs have often been keen to meet with industry representatives as part of LIS engagement, as have local authorities who the BSA has also invited to the seminars.

¹ Page 9: <http://www.bsa-org.com/wp-content/uploads/2017/04/OE-BSA-report.pdf>

² <http://www.bsa-org.com/wp-content/uploads/2017/10/OE-report-for-BSA-Productivity-report-Sept2015.pdf>

³Page 12: <http://www.bsa-org.com/wp-content/uploads/2017/04/OE-BSA-report.pdf>

⁴Pages 31-33 and 44: <http://www.bsa-org.com/wp-content/uploads/2017/04/OE-BSA-report.pdf>

Local Industrial Strategies: Early Benefits

Although the LIS process is at a relatively early stage, it has already led to significant benefits. These include:

- encouraging a new level of collaboration and partnership working between stakeholders, involving different sectors and geographies; and
- providing a catalyst for a strategic overview of Place, involving all these stakeholders. The LIS process has not typically involved a simple refresh of the Strategic Economic Plan (SEP), but rather a focus on the topics covered by the national Industrial Strategy - the Grand Challenges, and issues relating to the foundations of productivity. In theory this should mean the (typically 10-year) LIS approach withstands the test of time; it is less likely to be thrown off track by economic cycles for example, or events such as Brexit.

Local Industrial Strategies: Difference in Focus

A Place-based approach has meant that most areas haven't simply followed a template developed elsewhere. Although there has certainly been interest in the three 'trailblazer' local industrial strategies (in Greater Manchester, West Midlands, and Cambridge-Oxford-Milton Keynes), second and third wave areas have typically developed an approach which suits their own circumstances, albeit there are some common themes.

All areas have looked at the foundations of productivity set out in the national Industrial Strategy⁵ and the Government's LIS Prospectus⁶. Most are identifying key sectors in their areas. For some, one or more 'Grand Challenges', on which their area can focus - AI and data, ageing society, clean growth, future of mobility - is apparent at an early stage.

As the LIS is co-created with central government it is important that the Government does not place too much emphasis at too early a stage on key sectors if this comes at the expense of the foundations of wider productivity⁷. It should not discourage areas from looking at their entire economic geography, and the foundations of productivity across all sectors.

In this way we will not simply replace the old approach of picking national winners from Whitehall with picking regional winners from Whitehall. It is certainly important to recognise the particular strengths of each town and city, as it is for the UK as a whole, and to help them specialise in those sectors where they excel, but it is equally important to recognise interdependence between sectors. That is why it is important to focus both on 'Grand Challenges' (which encourage collaboration between sectors in a Place in order to address one or more Challenges, although in the context of a LIS not necessarily collaboration between Places) as well as sector deals (which encourage collaboration between Places but which on their own may have encouraged largely sectoral thinking) and on the foundations of productivity.

This is especially important when the old barriers between the sectors are breaking down, with market, digital and technological change leading to servitization in manufacturing and increasingly an 'internet of things'. In today's world a thriving service sector helps other sectors thrive as well.

The case of business services - employing as it does 1 in 10 of the workforce relatively evenly divided across the UK - highlights the importance of focusing on the entire economy of a Place, and not just a small number of high-profile sectors.

⁵ <https://www.gov.uk/government/publications/industrial-strategy-the-foundations/industrial-strategy-the-5-foundations>

⁶ <https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

⁷A recent BEIS Select Committee report made a similar point on the wider Industrial Strategy: 'Cross-cutting policies may have a more significant long-term impact than sector deals by dealing with challenges that extend beyond industry classifications':

<https://publications.parliament.uk/pa/cm201719/cmselect/cmbeis/663/663.pdf>

Business services, or one or more of its components - such as back-office services and construction and infrastructure services - are occasionally identified by Places as a 'key' sector in the LIS process; they are slightly more frequently listed as 'enabling' sectors; but they are often not singled out at all.

Yet as some areas have rightly pointed out, these services are important to the foundations of productivity. That is true everywhere, and could be to an even greater extent, with business services providers helping other companies compete more effectively, building up local SMEs and the economic infrastructure of a Place, and helping to train its workforce.

The LIS Process

The Government's LIS Policy Prospectus calls first for areas to set out a "robust and open evidence base"⁸. They have tended to start this process by commissioning a rigorous independent analysis of their economic environment, and its strengths and weaknesses, especially in relation to productivity, employment, skills, infrastructure and inequality, and have consulted with other stakeholders in doing so.

The Policy Prospectus then sets out three other principles.

i. Collaboration

The Prospectus calls on MCAs and LEPs to work in partnership with public and private stakeholders within and across boundaries. They have often made great effort to do so. They have typically organised evidence sessions and workshops with employers headquartered in their area, especially those related clearly to the Grand Challenges or to priority sectors. As the LIS is co-created with central government, there has been central / local collaboration too.

As well as business and VCSE organisations, collaboration has also involved:

- local authorities. Clearly democratic input into the LIS process is vital, especially in non-MCA areas. All councils in all types of area have knowledge of the social and economic geography of their locality which is absolutely integral to any LIS. All LEPs and MCAs have clear local authority involvement in their structures, and the LIS process is embedding this. The BSA has invited councils to its seminars and all have been very keen to engage. Some local authorities have explicitly welcomed the LEP geography as being local enough for ongoing collaboration and partnership working;
- higher education institutions. In some cases collaboration with the higher education sector has been relatively recent, even though this is clearly vital in order to link academic research with innovation on the ground. The LIS process has encouraged links to be strengthened between local businesses and universities, helping not only with innovation but also with talent retention; and
- neighbouring authorities. The LIS process has encouraged MCAs and LEPs alike not to work in silos. In one locality for example the inflow of workers from one area to another was noted, and the LIS process had encouraged them to share analysis of why this was, whether it was beneficial to either or both, and the policy response. There can also be an implied 'soft power' imbalance between MCAs and neighbouring LEPs, and the LIS process can help with this too.

⁸<https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

While acknowledging resource constraints, clearly any analysis of Place should involve all the sectors that contribute economically to that Place. It is important therefore that collaboration involves:

- 'enabling' sectors as well as 'key' sectors;
- VCSE organisations as well as businesses; and
- the full range of organisations which make a contribution to the social and economic environment of a Place, or potentially do so, including those headquartered there and elsewhere. Some areas report that the proportion of SMEs in their area is high, but note that larger companies or VCSE organisations, perhaps headquartered elsewhere, account for a disproportionate level of employment. It is vital that the contribution and potential contributions to productivity and inclusive growth in an area of all the different types of organisations are recognised.

For organisations to work in a collaborative way also requires clear leadership which emphasises its benefits, with effective governance processes, so there is no disconnect between strategic direction and implementation. Officers on the ground need to be driven by an understanding of the overall objectives of the organisation concerned, including its focus on genuine collaboration.

ii. Prioritisation

The Government's Prospectus calls for specific, achievable and long-term ambitions to be prioritised.

All areas have typically commissioned detailed research on key sectors, Grand Challenges, and the five foundations of productivity (People, Infrastructure, Places, Ideas and Business Environment), identifying strengths and weaknesses in each, as the guidance states.

Trailblazer areas, being further down the line in the LIS process, have taken this to the next stage - asking what are the principal strength(s) of their area, and in which of the five foundations of productivity lie the key limiting factor(s) to productivity and inclusive growth. They have set clear short and long term prioritised outcomes, with outputs linked to the opportunities they identify and the challenges they face.

It is important for second and third wave areas to do likewise - prioritising their strengths and weaknesses. Otherwise the danger is too many priorities, and not enough of the clear focus the Government guidance calls for.

Setting clear priorities is an important part of Place-shaping and achieving inclusive growth. These priorities should then drive activity. So, for example, if a priority is to ensure that employees are able to live wherever possible within the transport corridors of their employers, this consideration rather than capital and revenue maximisation considerations should drive housebuilding policy.

iii. Evaluation

Finally the Prospectus calls on LIS to formulate clear plans to evaluate progress. That, too, is much easier if action is clearly prioritised.

MCAs, LEPs and the LIS Process

One factor which has helped trailblazer areas prioritise their economic strengths and weaknesses has been the strategic leadership and democratic mandate that comes with all three trailblazers involving (at least in part) MCA structures. MCAs also have more direct funding available to help them address the foundations of productivity - infrastructure and skills in particular.

Setting clear priorities from the economic analysis has of course been possible in many non-MCA areas too. This requires clear focus, leadership and collaboration, including input from those with a democratic mandate; LEPs can therefore build on their typically good relationships with councils.

Meanwhile MCAs need to make sure employer and local authority voices are heard, through close working relationships as well as representation on their boards.

In all areas, collaboration, prioritisation and evaluation all depend on developing strong personal relationships between stakeholders, and the skills required to draw these voices together and prioritise outcomes. This is made much easier when the geography of economic plans in a Place coincides with the geography for social, infrastructure and housing planning. Such a model is evolving gradually in many places in any event, not least driven by local government financing, but there may be more that could be done to enable it - for example through provision of a toolkit.

Productivity and Inclusive Growth⁹

The Government's Policy Prospectus focuses on the foundations of productivity. Some, but not all, areas have explicitly identified a link between productivity and inclusive growth - growth which is hardwired from the start to benefit all sections of the community - and have drawn clear policy conclusions from this.

The link exists above all because People are a key driver of productivity. In particular:

- the more the entire actual and potential workforce in an area can be skilled, trained and productively employed, the higher the level of productivity of the Place as a whole will be;
- if growth only benefits certain sections of the community, this will limit the extent to which that growth can continue, and will even limit the productivity of those who are already employed. Some areas have explicitly identified geographically unevenly distributed growth as the key constraint on further growth in their areas as a whole. In areas with a successful and productive core (often accompanied by congested roads and housing shortages) surrounded by less prosperous communities, upskilling those communities and drawing them into the workforce has often been seen as key to ongoing prosperity for all. There has then tended to be a discussion about the balance between enabling people to travel to jobs (with improved infrastructure), and / or taking jobs to people (involving targeted geographical intervention, for example encouraging industry clusters, or helping local SMEs move to the next level)¹⁰. Technological and digital advances may reduce the need for travel to work, but sectors and the people who work in them still tend to cluster with like-minded groups; and
- if all communities are active participants in a productive economy, the economy will be more diverse and in turn more resilient.

Therefore inclusive growth is not just important for the social fabric of a community but also for its economy and its productive potential. An area's economic and social infrastructure is inextricably linked. Realising this may come more naturally to MCAs and councils, but LEPs too are drawing on these lessons.

It is important for central government explicitly to recognise this in LIS guidance.

Some areas say it has not done so, and that inclusive growth is more a local concern than a central government one.

⁹ A BSA note on Place-Based Inclusive Growth, focusing on the commissioning process, is here: <http://www.bsa-org.com/wp-content/uploads/2018/02/Business-Services-and-Place-Based-Inclusive-Growth.pdf>

¹⁰ This is one issue covered in the What Works Centre for Local Economic Growth publication on Developing Effective Local Industrial Strategies (page 18): https://whatworksgrowth.org/public/files/18-06-21_Designing_Effective_Local_Industrial_Strategies.pdf

However the importance of inclusive growth is explicitly linked with local industrial strategies in the Government's Civil Society Strategy¹¹. Furthermore social value considerations are now to be given greater prominence in central government public procurement under recent reforms announced by the Chancellor for the Duchy of Lancaster, and the recent Government publication on the issue again explicitly links social value considerations - such as diverse supply chains and skills and employment - with the Industrial Strategy¹². Such foundations of inclusive growth are also foundations of productivity.

Foundations of Productivity

The Industrial Strategy and the LIS Prospectus identify five foundations of productivity - Ideas, People, Infrastructure, Business Environment, Place.

It is important that all Places focus on these foundations in relation to their economies as a whole, and not just on key sectors. This acknowledges the full economic picture in each Place, and will also help areas adapt when their key sectors - or the national economy - evolves, not least as a result of changing technology.

People

People, in particular, are key to both productivity and inclusive growth, because both are dependent on a trained and productive workforce; this has been the issue which has dominated many of the BSA discussions.

Some areas have explicitly recognised the job-rich nature of many enabling sectors. Other sectors - social care for example has been mentioned - are important for employment and for the social and economic infrastructure of an area, but are rarely explicitly recognised as being either 'key' or 'enabling'. That is an example of input which local authorities, responsible for social care, are able to provide.

In a discussion of people, common themes have emerged. These include:

- the need to stem the outflow of skilled workers from areas which haven't benefited from economic growth, including making the area itself attractive to live in for young adults in particular. Housing and infrastructure are both key to this, as are general civic realm and existence of other people of same age and outlook; and
- encouraging smaller specialisms outside of the major cities, to create sectoral geographical hubs which are attractive to workers in that sector.

On skills, the desire is to be able to adapt provision to local need. Within this key themes are:

- lifelong learning, retraining, and the need to develop skills which are adaptable and agile, rather than just 'picking winners' from individual growth sectors which may rapidly change¹³;
- the need for pre-apprenticeship 'soft' skills to get those leaving education, or the 'hidden unemployed', work-ready, in addition to the full range of apprenticeship skills from Level 2 upwards; and
- the need for help with travel for those in remote areas, or in some cases greater training subsidy for those further away from the labour market.

¹¹Page 14:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/732765/Civil_Society_Strategy_-_building_a_future_that_works_for_everyone.pdf

¹² Annex A: <https://www.gov.uk/government/consultations/social-value-in-government-procurement>

¹³ This is covered for example on page 28 of the What Works Centre for Local Economic Growth publication on Developing Effective Local Industrial Strategies: <https://whatworksgrowth.org/public/files/18-06->

This has led to calls for further devolution of funds.

There has been substantial discussion in the BSA seminars about business mentoring, business involvement in schools, and leadership on the curriculum and FE courses. Careers advice, and guidance to parents and teachers, is seen as central, to encourage people into apprenticeships in general, and into high-growth and opportunity areas like digital, civil engineering and construction in particular.

There has also been discussion in the seminars on the apprenticeship levy.

The BSA supports the principle that businesses and other employers should take leadership on, and responsibility for, training their workforce. This is the principle behind the apprenticeship levy. It is important that all businesses - especially larger ones - step up to the plate in upskilling workers in a way which genuinely adds value.

The LIS process has also focused attention on the role of Place leaders on skills. There should be a two-way process between employers and LEPs, councils and MCAs: employers feeding into local skills assessments and into the LIS, and then drawing on these documents in formulating their own skills strategies. The new Skills Advisory Panels provide an opportunity for such a process¹⁴.

This is not only because of corporate responsibility for the Places in which businesses operate, but also because they benefit from a more strategic approach to skills in an industry or a locality. This is especially the case where, as in areas like infrastructure, the overall pipeline of skills needs is clear for the longer term, but the needs of an individual business may depend on shorter term contracts. A Place or industry-wide strategic analysis then becomes vital, in order to discourage a short-term view which fails adequately to prioritise investment in training.

At its most basic, skills training needs to be matched with need, so there will be jobs for the trainees at the end of the training. Crucially, training providers and FE colleges need to be integrated into that process too, and for the same reason. The concern that many young people are not studying for qualifications in disciplines where there will be job openings was expressed repeatedly in meetings. There are issues relating to the speed of change of Places and institutions to the evolving demands of local economies, partly related to the way in which training providers are funded.

The Government's reforms to the levy to enable greater collaboration between larger and smaller businesses in the supply chain are welcome, and will help this process.

However there remains concern that any national system cannot take full account of local needs, and that the system ends up being too output based and organised in silos, neglecting wider needs.

There may be a danger in some areas pinning their hope largely on receiving 'unspent' levy money. The problem with this is partly that, were the Government even to approach its apprenticeship targets, such unspent money may not exist¹⁵, and partly that any distribution of such money may depend on the location of company headquarters, and the areas needing the money the most may not therefore always be the ones to benefit.

Instead, some Place leaders and employers have sought in some way to co-ordinate apprenticeship activity in their localities, including that which is funded under the levy, especially in key sectors like construction. This may be easier for MCAs to co-ordinate, with greater resources, 'soft' leadership power and more devolved skills funding, but LEPs have a key role too.

¹⁴https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/762629/Skills_Advisory_Panels-Guidance_on_the_Role_and_Governance.pdf

¹⁵A recent NAO report highlighted this danger: <https://www.nao.org.uk/wp-content/uploads/2019/03/The-apprenticeships-programme.pdf>

There is certainly a need for a strategic conversation, at a high enough level, about future skills needs and how different organisations in a Place can help meet that need. The fact this has been the main issue discussed during the BSA seminars shows there is a real desire amongst MCAs, LEPS, businesses and VCSE organisations alike to engage in such a conversation.

Other Foundations of Productivity

Business services providers are contributing directly and indirectly - and could contribute more - not only to people and skills, but to each of the other foundations of productivity:

- Ideas, innovation and investment. Especially in the context of labour supply debates post-Brexit, it is important not to see investment in skills and technology as alternatives. They go hand in hand. Businesses which invest in one tend to invest in the other, and the conditions which enable one tend to enable both. In particular, local and national economic stability and a clear forward pipeline of work both encourage a long-term view and investment. In some seminars there has been particular discussion of how to encourage SMEs and start-ups, especially in the tech sector, to take a longer-term approach. Advice and support from larger businesses may help.
- Infrastructure. Infrastructure is often key to unlocking other foundations of productivity, especially people. This includes the need often to utilise existing infrastructure better; to connect population centres and places of work; and to improve short-distance transport links. These were major issues of discussion in the seminars, as was the link between housing, infrastructure and people. There is a concern that the link has been lost over time between the development of housing and the development of a local economy. In previous generations, the location of housing would follow a source of employment and subsequent development of a community; today the location of housing may depend instead on economic drivers, and the infrastructure may not exist to link people living there with potential employment. In the seminars this has often led to a discussion about devolution of decision-making on infrastructure, especially in areas without MCAs, and the ways in which national infrastructure investment is prioritised. One practical solution may be to make the local industrial strategy a 'material consideration' in planning policy; this would enable Place leaders to link directly the LIS strategy with the planning of housing growth in particular.
- The business environment. Collaboration between larger and smaller businesses, and between all businesses and the back-office service providers that support them, is an important part of improving the business environment, and the LIS process can help improve that collaboration.

On each one of these issues, public procurement offers an opportunity to strengthen the foundations of productivity.

Public Procurement and the Foundations of Productivity

In strengthening the foundations of productivity, the public sector needs to use all the levers at its disposal. Especially when budgets are tight, these include the lever of public procurement. But the challenge during times of tight budgets may be to balance a Place-shaping agenda with requirements to generate short-term revenue streams or cut costs, and to find ways of achieving the first objective which do not increase costs unduly.

The process by which public services are commissioned can have a significant effect on each of the foundations of productivity. The renewed emphasis at central and local government level on social value in procurement is a valuable opportunity to strengthen these foundations in response to the priorities identified in the LIS.

This means those who take commissioning decisions need to be driven by value and by local priorities, and not simply by lowest cost, so a service contract results in a lasting legacy in social and economic infrastructure, inclusive growth, and the foundations of productivity.

Basing decisions on wider value and social value considerations can help meet LIS objectives on:

- people, with a focus in award criteria on enabling existing local employees to upskill and move up the career ladder, and / or those further away from the local labour market to be employed and trained, including groups who may be under-represented in employment;
- innovation, with realistic treatment of risk and encouraging scaling and replication of change;
- infrastructure, based on analysis of links between jobs, infrastructure and housing as foundations of connectivity and productivity; and
- the local economic environment. There has been much discussion in the seminars on the relationship between national and more local or regional businesses and VCSE organisations in public procurement policy, reflecting wider public policy debate including over the role of anchor institutions and local wealth-building. All types of organisations can have a role to play in building up the economic and social infrastructure of a Place and in leaving a lasting legacy in terms of stronger indigenous companies and VCSE organisations of all sizes. Larger companies can help scale up local SME capacity, for example, often a goal of Place leaders, by making full use of the external expertise and supply chain management they can bring to the table. But certain conditions need to be met - including fair treatment of supply chains with fair allocation of risk and reward, genuine partnership working, and larger and smaller organisations each being aware of the opportunities available both to contract directly with the public sector and to collaborate with each other (for example with directories or networks of local suppliers, as well as the use of initiatives such as Contracts Finder).

These objectives are all more likely to be achieved with long-term vision from public sector commissioners, a desire for genuine partnership working, economic stability and clear pipelines of work. They also require early engagement with businesses and VCSE organisations of all sizes, to bring in ideas on how social value - and therefore productivity driver - outcomes can best be achieved.

Future Funding

LIS documents are not being constructed as funding bids. However the Government has made it clear they will help guide the strategic use of local funding streams, and act as a gateway to any future local growth funding.

In particular, they are linked to the post-Brexit UK Shared Prosperity Fund (UKSPF). The Government's consultation on the Fund has been delayed, which has contributed to a degree of uncertainty about the criteria on which funding will be based - and therefore, to some extent at least, the issues that should be emphasised in the LIS.

There is certainly frustration in many areas about the box-ticking required for ESIF funding, as well as the match-funding requirements. Therefore there is a keenness to use the opportunity and potential flexibility presented by the UKSPF to focus on wider outcomes in a Place, rather than merely on narrowly defined and centrally prescribed outputs.

The focus on productivity in the UKSPF, as in the LIS process, is the right one. But as with the LIS, there is a need for a recognition in the design of the UKSPF of the link between productivity and inclusive growth. Rather than the UKSPF disadvantaging less well-off areas in comparison with ESIF, it should recognise that deprivation is in itself a barrier to inclusive growth and to higher productivity. A whole system Place-based approach can be developed, where all stakeholders including businesses and VCSE organisations work to remove barriers to inclusive growth and productivity.

Other factors in the design of the UKSPF will also contribute to this, including long-term funding; less bureaucracy, with the focus on audit rather than box-ticking applications; an ability to innovate; and an ongoing focus on Place, local decision-making and local accountability.

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