



Industrial Communities Alliance

The all-party association campaigning on behalf of local authorities in the industrial areas of England, Scotland and Wales

National Secretariat, 1 Regent Street, Barnsley S70 2EG

Tel: 01226 200768 www.industrialcommunitiesalliance.org.uk Email: natsec@ccc-alliance.org.uk

Sarah Jones MP
Minister of State
Department for Business and Trade

Email to: dbtcorrespondence@businessandtrade.gov.uk

3 February 2025

Dear Sarah,

Industrial Strategy: meeting request

I chair the Industrial Communities Alliance – the association of local authorities in the older industrial areas of England, Scotland and Wales. As you might expect, our authorities have long experience of rebuilding local economies in the wake of years of job loss and we have a deep interest in Industrial Strategy.

We've been following the development of the government's new strategy and there was a further full discussion at our national meeting on 31 January.

We have a number of concerns that our members are keen to raise with you. I'm attaching an assessment of the Green Paper endorsed by regional and national meetings. You may indeed have already seen this – I think your colleague David Baines MP, with whom we have been working closely, has passed it on to you.

We're aware that the intention is to publish a White Paper in the spring. I'm hoping, therefore, that you would be willing to meet myself and colleagues to explore how we might work together to strengthen the government's proposals.

If you were willing to meet, perhaps your staff could contact our National Secretariat (see details above) to explore the options.

Yours sincerely,

Cllr Keith Cunliffe
National Chair

INDUSTRIAL STRATEGY

An assessment of the UK Government's Green Paper

On 14 October the Labour government published *Invest 2035: The UK's Modern Industrial Strategy*. This is a 'Green Paper' setting out the government's vision and inviting input ahead of the publication of a fully worked-up Industrial Strategy alongside the Spending Review in the spring of next year.

The present note offers an assessment of the Green Paper, particularly in the light of the proposals tabled in July by the Industrial Communities Alliance.

What's in the Green Paper?

The government sees its 64-page Green Paper as a key component of its mission to deliver economic growth. The Green Paper sets out lofty aspirations, backed up by statements about the strengths of the UK economy and the policies and practices of government that are already intended to promote business growth. New, hard-edged commitments (or perhaps more accurately proposals, given that this is intended to be a consultation document) are harder to find.

The most significant proposal is to focus on the sectors that the government sees as offering the highest growth opportunity for the economy and business. These are:

- Advanced manufacturing
- Clean energy industries
- Creative industries
- Defence
- Digital and technologies
- Financial services
- Life sciences
- Professional and business services

'Advanced manufacturing' isn't defined. It could mean much of the manufacturing sector or very little at all.

Within each of these broad sectors, the government's intention is to prioritise specific sub-sectors. These will be identified when the Industrial Strategy is published in the spring. There is also an intention to concentrate efforts on places with 'high-potential clusters' within these sub-sectors.

Alongside this sectoral focus there are a number of commitments, notably to establish a statutory Industrial Strategy Council. There is a proposal to require Mayoral Combined Authorities in England to develop 10-year Local Growth Plans. Partnership is strongly emphasised, with business, trade unions, experts and local players including the devolved administrations, though quite how this would work in Scotland, Wales and Northern Ireland where much of this policy area is devolved is unclear.

The Green Paper is also notable for what it *doesn't* say. There's no specific mention of the steel industry for example, despite the current prospect of an end to primary steel production in the UK and the manifesto promise to make £2.5bn available to the industry from the new National Wealth Fund. The Business Secretary has however promised a steel strategy to be published in the spring.

The Green Paper also doesn't say anything about Investment Zones or Freeports, which is surprising given that these are only just getting underway and were key parts of the previous administration's approach to industrial development. The Budget however, a couple of weeks later, did confirm that they will go ahead as planned.

How does the Green Paper differ from what went before?

At the level of detail there is a strong whiff of 'business as usual'. The Green Paper reads like a statement from civil servants setting out what they're already doing and why it all makes sense. It lacks the obvious stamp of new ministers who want to do things differently. Of course, there is the predictable criticism of past failures but in articulating a vision for the future the Green Paper does not actually seem very different from what has gone before. It reflects conventional wisdoms (groupthink?) amongst officials in the Department for Business and Trade, and as ever there is a fair dose of wishful thinking.

The parallels with the industrial strategy published by Theresa May's Conservative government are striking. Back in 2017 this set out ten 'pillars' not at all unlike the concerns articulated in the Green Paper – things such as 'delivering affordable energy and clean growth', 'encouraging trade and inward investment' and 'improving procurement'. Theresa May's strategy also deployed an Industrial Strategy Challenge Fund to target six specific sectors – healthcare and medicine, robotics and AI, batteries, self-driving vehicles, materials for the future, and satellites and space technology.

The list of priority sectors in the new Green Paper is a lot wider, at least until the target sub-sectors are identified, but the underlying assumption appears to be the same, namely that the way forward for industrial strategy is to pick potential winners. The intention is not to proceed across a broad front, supporting businesses and jobs wherever and whenever they might emerge, including in unfashionable sectors of the economy. Back in 2017 Theresa May's strategy was criticised for its overly narrow focus and for the fact that the high-tech sectors it aimed to support were disproportionately concentrated in a handful of places, especially in southern England. The sectoral focus in the Green Paper involves similar risks: fine if a locality has a pre-existing cluster in one of the chosen sectors, but not much help if your area has little or no specialism in any of these activities.

Measuring up the government's proposals

The Industrial Communities Alliance (ICA) – the all-party association of local authorities in the industrial areas of England, Scotland and Wales – has clear views on what an effective industrial strategy should look like. These views have evolved over many years and discussions at numerous regional and national meetings. They reflect the concerns of authorities covering many of the most disadvantaged parts of the UK and long experience in rebuilding local economies after years of job loss.

The ICA's proposals on industrial strategy were set out most recently in July 2024 in *Ten Steps to Revive British Industry*, a booklet that has been widely circulated. It is useful therefore to assess how the thinking in the Green Paper matches up to the ICA's ten proposals.

1. *Set the right context*

The ICA argues that British industry needs the right macroeconomic, regulatory and fiscal framework in which to flourish. The government says it will deliver stability, regulation that stimulates growth and competitive corporate taxation. Not much disagreement there then, but delivering on these promises, especially stability, is easier said than done.

2. *Protect sovereign capability*

The ICA argues that in an uncertain world the UK should look to retain its own industrial capacity – steel is a good example – rather than becoming ever more dependent on imports. Except for the briefest of mentions of supply chain vulnerabilities, there is no echo of this position in the Green Paper. Sovereign capability does not appear to figure much if at all in the government's thinking.

3. *Ensure free but fair trade*

The ICA's concern is that unregulated free trade can expose British manufacturers to unfair competition from countries that fail to respect workers' rights, health and safety standards or environmental obligations, and in the worst cases to subsidised production dumped on world markets. The Green Paper places a lot of emphasis on free trade, and indeed on new trade agreements, but says nothing about how UK production will be protected from unfair competition. There's no mention for example of a UK 'carbon border' to match the arrangements being introduced elsewhere in Europe, though the Budget did say this would go ahead in 2027.

4. *Support business investment*

The government says it is keen to support business investment and wants to unblock obstacles around planning, regulation and the availability of capital.

5. *Restore aid to the regions*

The ICA has called for restoration of the system of regional investment aid and assisted areas that for decades underpinned regional development by steering investment and jobs to less prosperous parts of the country but was scrapped by the Conservative government following Brexit. The Green Paper offers no promises of this kind. The aspiration is to help places beyond London and the South East but the tools to do so are missing.

6. *Invest in skills*

The Green Paper acknowledges the importance of investing in the skills that businesses need but doesn't set out specific proposals. In fairness this is a policy area led in England by the Department for Education which is introducing reforms, for example to the Apprenticeship Levy and in establishing Skills England, that are not far from the ICA proposals.

7. *Deliver affordable energy*

The Green Paper recognises that there is a problem around high UK electricity prices. However, the proposed solution – investment in green technology – looks very much like an article of faith. The ICA has specific concerns about the future of energy-intensive industries such as steel, glass and ceramics. The Green Paper does not offer anything to allay these worries.

8. *Use public procurement*

The government and the ICA share the view that public procurement has the potential to play an important role in fostering British industry. There's nothing new here in the Green Paper, but the direction of travel is encouraging even if there are limits to what in practice might be achieved.

9. *Provide space to grow*

The government says it will explore how the industrial strategy can identify, select and intervene in industrial sites across the UK. This is a welcome commitment but at this stage it lacks identifiable delivery mechanisms. The ICA has called for gap funding to bring forward investment in sites and premises, and for the responsibilities of the development agency Homes England to be broadened to help deliver this.

10. *Improve connectivity*

Industry needs connectivity to provide access to suppliers and markets and to deliver its workforce to the out-of-town locations where so much activity is now located. The government is promising a 10-year infrastructure strategy aligned with the Industrial Strategy, but otherwise there's nothing specific in the Green Paper about improving transport links.

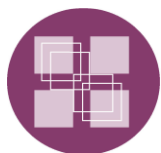
Conclusions

There's quite a gap between the proposals put forward by the ICA and the content of the Green Paper. The gap is particularly evident around sovereign capability, protection from unfair competition, regional investment aid and energy-intensive industries.

The government's intended focus on a narrow range of sectors is also worrying. In its proposals the ICA argued that an industrial revival cannot be delivered by just a handful of sectors and that the UK has never had a good record of picking winners. If a locality does not have a significant presence in one or more of the government's growth sectors – and that's probably true of quite a number of local economies away from the big cities – it's hard to see what the strategy in the Green Paper has to offer.

The Green Paper invites responses to 35 specific questions. The questions are all narrowly defined, even technical, and sit firmly within the framework that the Green Paper is proposing. They don't provide much scope for questioning the fundamentals or indeed addressing the Green Paper's omissions.

Rather than attempting to answer the Green Paper's questions it is better perhaps to stick to pushing the ICA proposals. Ministers and supportive MPs need to be aware that what the government has tabled at this point falls some way short of what's really needed. As a first step, after just a hundred days in government, the Green Paper offers helpful starting points but it should be possible to go considerably further in developing an industrial strategy that will work for all parts of the country.



Industrial Communities Alliance

The Industrial Communities Alliance is the all-party association of local authorities in the industrial areas of England, Scotland and Wales

National Secretariat, 1 Regent Street, Barnsley, S Yorks. S70 2EG
01226 200768

natsec@ccc-alliance.org.uk

www.industrialcommunitiesalliance.org.uk