

Part 1. Process: how to build a Local Industrial Strategy

About Local Industrial Strategies

Government is committed to Local Industrial Strategies (LISs) so that all places:

- are able to increase productivity and realise their potential: building on well-evidenced and distinctive strengths aligned with the national [Industrial Strategy](#).
- set out the spatial impacts of national and local policy across our cities, towns and rural areas: informing priorities and choices and demonstrating how they will allow all communities to contribute to, and benefit from, economic prosperity.

LISs should be long-term and aligned to the national Industrial Strategy. They will be developed locally and agreed with government. LISs need to be based on evidence, draw on collaboration with a variety of partners, prioritise ambitions and set out clear plans to evaluate progress.

There is a variety of guidance available on developing a LIS, including from the [What Works Centre](#) and the [LEP Network](#), which supplement the government's [Local Industrial Strategy policy prospectus](#). The Local Industrial Strategy Analytical Panel, led by the Department for Business, Energy and Industrial Strategy, sets out the following process for developing a LIS:

- Set out a robust and open evidence base.
- Map out specific opportunities and challenges.
- Work in partnership with public and private stakeholders to achieve ambitions.
- Prioritise specific, achievable and long-term ambitions
- Set out clear plans to evaluate progress.

Our guidance supplements this, to support you as you develop priorities involving DCMS sectors.

Each LIS will be different. Part 2 of this manual provides information on each DCMS sector and how to make the best use of it, should your LEP area stand to benefit from this sector. But there are also

some cross-cutting principles which, on the basis of the evidence, we think will make your LIS most likely to succeed. These are: involving local people in developing your LIS; maximising digital sectors to drive connected growth; designing the LIS around local anchor institutions; harnessing the power of responsible business; and rural proofing your LIS. Each of these is covered below.

Involving local people in developing your LIS

Extensive consultation with local businesses, public partners and civil society, will allow you to develop a LIS that responds to the unique strengths of your local area, to ensure every community reaches its economic potential and can access good jobs.

DCMS encourages you to use a co-design approach for the development of your LIS, putting communities at the heart of the design and delivery process. This approach will help to identify what your LIS needs to address and prioritise in order that current and future residents benefit from economic growth. Communities often know best what their local challenges are, what assets they have, and can be part of the solution to local challenges. Government has issued guidance on how to involve citizens in the design and delivery of local interventions.⁸

DCMS encourages LEPs to engage with those in our communities whose voices are least often heard. For example, Youth Voice approaches, such as youth forums and co-designing projects with young people, can be used to enable young people to have their voices heard on local issues and involve them in decision making. Government's [Civil Society Strategy](#) seeks to change the culture of policy design and implementation so that young people are systematically involved in shaping the policies that affect them. You should consider working with local Youth Voice projects, such as youth councils, to ensure young people are able to be actively involved in local interventions.

The table below shows some of the available tools to engage communities, with the least ambitious models on the left and the most ambitious on the right. We encourage you to focus on the approaches and tools to the right of the table, as these will help you actively engage with, and benefit from, local people who can identify the barriers to productivity and sources of inequality that your LIS will need to respond to.

	Inform (--) ➔	Consult (-) ➔	Involve (0) ➔	Collaborate (+) ➔	Empower (++) ➔
Public Participation Goal	Provide the public with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	Obtain public feedback on analysis, alternatives and/or decisions.	Work directly with the public throughout the process to ensure public issues and concerns are consistently understood and considered.	Partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	Place final decision-making in the hands of the public.
Promise to the Public	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and issues are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	We will implement what you decide.
Example Tools	<ul style="list-style-type: none"> - Fact sheets - Websites - Open houses 	<ul style="list-style-type: none"> - Public comment - Focus groups - Surveys - Public meetings 	<ul style="list-style-type: none"> - Workshops - Deliberate polling 	<ul style="list-style-type: none"> - Citizens Advisory committees - Consensus building Participatory decision making 	<ul style="list-style-type: none"> - Citizens juries - Ballots - Delegated decisions

IAP2 Public Participation Spectrum, International Association for Public Participation

Maximising digital sectors to drive connected growth

As set out in Part 2, the digital industries have huge potential for growth. They, and digital infrastructure, also represent an enormous opportunity for other parts of our economy and society to prosper.

Tech is increasingly important as the line between sectors becomes more blurred and businesses work in both digital sectors and other sectors. For instance, in 2017 IT, software and computer services was the

largest subsector of the creative industries with nearly 145,000 businesses, almost half of all creative industries businesses.⁹

There are opportunities for you to support the improvement of digital capabilities that can make every business in every sector more productive, wherever they are located. It has been estimated that building up digital capability within businesses and charities could unlock up to an additional £84.5bn turnover if they were to develop high digital

capability.¹⁰ Please see the digital skills section, which explains more about what LEPs could do in this space.

Government's [Digital Strategy](#) sets out the opportunities of developing a safe and secure cyberspace; developing digital tools, techniques and technologies to improve public services; and, using data to drive innovation this will deliver a thriving, inclusive, outward-looking digital economy, with the benefits and opportunities spread across every region, and every community. This includes putting the UK at the forefront of the 5G and Artificial Intelligence revolutions, which present huge opportunities to boost productivity and grow the economy.

Designing the LIS around local anchor institutions

The sector sections in Part 2 provide details of organisations with particular sectoral expertise. We also encourage you to consider the role that anchor institutions can play. An anchor institution is one that, alongside its main function, plays a significant and recognised role in a place by making a strategic contribution to the local economy.¹¹ As the [Creative Industries Toolkit for Cities and Regions](#) sets out, local 'anchor institutions' play a vital role in defining post-industrial communities. UK Commission on Employment and Skills defines anchor institutions by the following characteristics:

- Spatial immobility: tied closely to a geographic area, through invested capital, mission and relationships with employees and local communities.
- Size: large employers with significant purchasing power. These factors influence the level of impact such institutions can have on the local economy.
- Non-profit: these institutions tend to operate not-for-profit; it is much simpler for private businesses to move, meaning there is

no guarantee they will continue serving the local community in the long-term. However, there are examples of for-profit organisations playing the role of an anchor.¹²

Examples of anchor institutions operating in DCMS sectors include universities, theatres, civil society organisations, sports clubs, galleries and specialist cinemas. These organisations have the capacity and expertise to provide leadership, taking on projects and securing funding in ways that may not be possible for LEPs. [Anchor institutions and small firms in the UK](#) indicates how anchor institutions can develop interventions to help small businesses in their local area grow.

Harnessing the power of business

DCMS believes there is huge opportunity to work with business leaders to drive growth and productivity in a way that benefits society as a whole, improving understanding and tackling key barriers to inclusive growth.

We are exploring opportunities for businesses to tackle social challenges. We believe that, wherever possible, businesses should increase their focus on creating demonstrable positive social impact alongside financial returns.

To help progress this, DCMS and The Cabinet Office established the [Inclusive Economy Partnership](#) (IEP), to bring business together with government and civil society to tackle major social issues. The IEP has scaled social innovations, inspired major new corporate commitments, and has been developing partnerships to find new solutions to shared problems, such as financial inclusion, mental health, and transition to work for young people. The IEP is open for organisations who want to play a positive and purposeful role in society, by creating a systemic change in our economy.

DCMS also leads for government on domestic social impact investing. Social impact investing is the provision of finance to organisations addressing

10 Lloyds Bank, [UK Business and Charity Index](#), 2018

11 UK Commission on Employment and Skills, [What is an Anchor Institution?](#) 2015

12 Ibid.

social needs with the explicit expectation of a measurable social, as well as financial, return. It is a means of bringing greater capital commitments to some of the UK's biggest opportunities for social progress, including in those places where traditional investment approaches have previously been insufficient.

There is deepening investor demand with financial market participants keen to do more. To develop this, DCMS is working with the UK [National Advisory Board](#) and the [Social Impact Investment Implementation Taskforce](#) to help build a culture of social impact investing in the UK. We are talking to a number of LEPs about this work to explore how social impact investment might play a role in helping to finance the delivery of their LIS priorities, for example housing and infrastructure projects in isolated communities that have not fully shared in the benefits that local economic growth is delivering.

Government is determined that public spending generates social value in addition to the services it purchases, and acknowledges that further social value commissioning is needed at all levels of government. The expertise of Civil Society organisations means they are often ideally placed to create compassionate, responsive and efficient public services and to maximise social value creation in your communities.

When engaging with the civil society sector to deliver public services for your communities, [The Public Services \(Social Value\) Act 2012](#) needs to be considered. It requires commissioners to consider, from the pre-procurement stage, how procurement could improve the social, economic and environmental well-being of that relevant area: [further guidance can be found here](#). The Act applies to all public bodies in England and Wales including Local Authorities and can help identify and deliver wider outcomes with the money you are spending. DCMS has also published [guidance for civil society organisations](#) considering selling to central and local

government or becoming part of the supply chain for delivering public services.

You should also consider [The Commissioning Academy](#) as a development programme for senior leaders from all parts of the public sector, which can help tackle the challenges facing public services, take up new opportunities and commission the right outcomes for your communities. The Academy is run under a concession contract by social enterprise 'PSTA' and is open to all public sector organisations.

Rural proofing your local industrial strategy

Effective rural proofing should assess and take account of the impacts of policies on rural areas, so ensuring these areas receive fair and equitable policy outcomes in LISs.

Thriving rural communities are vital to the UK economy but they face particular challenges around distance, sparsity and demography and it is important that in pulling together your LISs, you consider your rural areas fully.

Urban areas are defined as settlements with populations of 10,000 or more people.¹³ Rural areas are therefore those areas outside of these settlements. They make up over 80% of England's land, and are home to around 17% of the English population, nearly 9.3m people.¹⁴ However, rural areas are not all the same and they will include towns (below 10,000 population), villages, hamlets and isolated dwellings, or open countryside. Rural area types can vary from sparsely populated areas in the country through to areas adjacent to larger urban areas. It is important that the individual characteristics of these differing rural areas are considered, with the rural urban classification the basis for this analysis.

Consideration of rural areas is important because nationally they provide positive opportunities including:

- Economy: They contribute 15.8% of England's

13. [Official government definition of rural.](#)

14. Census, ONS, 2011

GVA, worth an estimated £246bn (2017).¹⁵

- Business: There are over half a million registered businesses in rural areas (24% of all registered businesses).
- SMEs: A greater proportion of small businesses are in rural areas compared with urban areas. These employ an average of 6 employees per registered business, compared with an average of 13 employees in urban areas.
- Employment: Rural registered businesses employ 3.5m people.

They also present challenges.

Demographics:

- There are proportionately more elderly people and fewer younger people in rural populations compared with urban ones.

- Access to services: The combination of distance, transport links and low population density in rural areas can lead to challenges in accessing and providing services.
- Service infrastructure: Lower levels of digital infrastructure for broadband and mobile can limit growth in productivity anywhere in the UK. In rural areas, topographical challenges and lower population density mean deployment costs for new infrastructure are often higher than for urban areas.
- Employment: The variety of employment opportunities, the availability of people with the right skills, and access to training can be lower in rural areas.



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15. [Contribution of Rural Areas to UK GVA \(2017\)](#)