**Forget job creation. Local government should stimulate future industries**

**Paul Webster**

**Director**

**Institute of Economic Development**

It’s a given to say everyone in the economic development profession is focused on delivering prosperity for their region. For local government, as the main vehicle for economic prosperity, success is measured via the creation of local jobs and efficient local expenditure and provision of services which, in turn, creates revenue for the council.

However, there is a tension in local government – that creating jobs is seen as the greatest need over winning and attracting new (and big) businesses to their area. Amazon Web Services may set up a data warehouse in the local area that will, in itself, require fewer than 40 direct staff to operate. But the bigger picture is that you have the world’s biggest cloud computing company investing over £100 million on your doorstep which has a knock-on effect during construction and their on-going supply chain.

Yet councils and many LEPs focus KPIs only on job creation. Once new jobs are secured they may then look to participate in longer term vision, shared industry infrastructure investments that aren’t solely about employment and scoping out plans for future industries. But this is where the UK is heading – and fast. There will still be a High Street, but on the horizon the biggest fish in the supply chain will increasingly shift to robotics, artificial intelligence, computer centres, life sciences, advanced manufacturing and space, industries which require fewer jobs but require large capital expenditure.

In my experience, I’m not sure that all local governments (especially in England) have the tools to adapt the connection with national growth agendas and the industrial strategy to develop the so-called future industries, and fully exploit these for the benefit of local areas. But, in part due to more grants being available, there are clearly some pockets of very good practice across the UK that many English local governments could seek to learn from.

Wales has done this well, with the development of Brownfield sites to secure long-term defence manufacturers to the region which is creating a huge exports market for them. Scotland is very good at attracting advanced manufacturing businesses and they fund and incentivise companies to go there which then has an impact on jobs created through the supply chain. Bombardier Aerospace in Northern Ireland is a success story. Due to Northern Ireland being relatively removed from the rest of the UK economy, the shift in unemployment is very sensitive and they appear to focus on local job creation over anything else – though this may not future-proof their economy and industry.

The industrial strategy, which is currently out for consultation, needs to provide some transparency about the areas of focus for growth, and in turn local government needs to respond effectively having assessed their natural strengths to future growth industries. But equally councils must become set up to deliver this dual challenge of both job creation and inward investment of critical industry infrastructure, such as Space Ports around the country.

The reality is that both are needed – but rarely does local government succeed in rejuvenating an area through a long-term commitment to jobs whilst also creating plans for future expansion. So, here are eight questions that economic development and inward investment teams in local government should be asking themselves:

* Is our strategic planning actively aligned to national initiatives, programs and funding?
* Does our strategic vision engage with industries at a national level to understand their future infrastructure needs?
* Does our council have a proactive business development team that is seeking out companies to enter our area/region, and ultimately help them to grow and expand?
* What infrastructure in our master plan supports the opportunities created by future industries, which ultimately mean we can tap into national budgets?
* Do we genuinely target diversification of industries as well as industries which support job creation e.g. agriculture and tourism?
* What is the balance of our strategy for capital expenditure v job creation? Do we celebrate small number of jobs created and high capital expenditure, as much as we do high jobs created/low capital expenditure?
* Does our council really have the strategy, and expertise, to stand out in an internationally competitive market (and, if not, what external advice/input do we need)?
* Given the huge opportunity for EU companies looking to set up representative offices in the UK post-Brexit, what is our proposition for attracting these companies to our area and what is our strategy for finding bases for them?