

FIVE POINTS FOR GROWTH IN A SINGLE EMPLOYER/SECTOR ECONOMY



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INTRODUCTION

Shocks to the economy bring the spotlight on economic resilience - from the effect of Covid-19 or the financial crisis - shocks remind us of the risks of places that rely on a single sector or employer. Resilience in the economy might mean having access to a variety of sectors, businesses, and employers that are performing well in their own right or ensuring that the dominant sector's supply chain can diversify and pivot. Towns up and down the country face this challenge, either through one major infrastructure employer (such as a port or energy facility) or those which have felt the effects of decline in certain manufacturing sectors.

Having a major anchor employer or sectors has its challenges and opportunities. In this short guide, we set out some key considerations and strategies for towns in this position.



1) ADOPT A TWIN TRACK APPROACH

Maximise the impact of anchor institutions whilst diversifying your economy

In its role as an anchor institution, your single sector/employer will have a significant impact on your economy in two key ways:

- directly, through employment and the supply chain, and
- indirectly, through the wider spend in the economy such as housing, retail, leisure and restaurants.

It is therefore important to work with the anchor institution to lean into key areas of mutual interest, such as skills, innovation and public realm. This could include:

- working with local skills providers to ensure young people are equipped to enter the sector, as well as supporting those already on a career path to upskills;
- setting up challenges for the local supply chain to drive innovation; or
- investing in the public realm of the town, perhaps locating an office in the town centre or creating spaces for people to meet, share ideas and innovate.

1) ADOPT A TWIN TRACK APPROACH (CONT.)

Maximise the impact of anchor institutions whilst diversifying your economy

The focus, however, cannot just be on the dominant sector. A related diversity approach encourages knowledge transfer into new sectors; an example of this could be the transfer of existing knowledge in advanced manufacturing in oil & gas into other energy sectors. Encouraging economic diversity is important to build local resilience to survive economic shocks.

Anchor institutions need to promote diversity in their supply chains, education providers need to promote diversity in curriculums, and entrepreneurs and innovators need to be supported to foster and grow new ideas.



2) A JOINED-UP APPROACH IS VITAL...

...but it needs ownership

A joined-up approach requires the leadership and ownership of a single partner who can drive this approach and shared vision, as well as having overarching and strategic view of all activities of partners. If activities are completed in silos, significant opportunities may be missed for innovation and partnership working to diversify and strengthen your economy.

A coordinated, partnership-led approach and shared vision enables each partner to play to their strengths and influence decisions within their gift. The partnership should look for economic opportunities in the wider functional economic area, including nearby towns and sectors.

Local Councils are often the local planning authority, and can provide guidance on land use, housing and regulation.

Your Local MP can provide clear leadership and a link to the national policy agenda.

Your dominant employer can provide community investment, but can also equip its supply chain with the opportunities to diversify.

Your schools / universities should focus on ensuring young people have the right skills to access the wider labour market, whilst supporting the dominant sector through appropriate apprenticeship and degree programmes.

3) WORK WITH THE SUPPLY CHAIN

The supply chain related to your dominant sector can be maximised in two ways: through more efficient ways of working for the single sector, and through diversification.

First, it is important to drive collaboration within the supply chain to achieve positive outcomes for the sector. There are some good examples of how this could be done. In Goole, Siemens are looking to co-locate their supply chain to encourage ideas sharing and facilitate innovation between partners. Other opportunities are to create supply chain challenges: where companies can work together to find innovative solutions to sector challenges.

Second, outside of the sector, it is important to enable the supply chain to diversify into other areas.

This could be working with universities or research institutions to apply transferrable knowledge from the existing sector into new ones. An example of this is in West Cumbria, where nuclear knowledge has been transferred to support the medical sector.



Siemens proposed rail industry innovation centre, source: <https://new.siemens.com/uk/en/company/about/goole.html>

4) WORK WITH SKILLS PROVIDERS

Skills providers are important to drive economic growth. They can work with the anchor institution and its supply chain to ensure a comprehensive apprenticeship and degree skills programme. The skills provider should work closely with the dominant employer to understand the opportunities within the sector and ensure young people are equipped with the skills required to enter the sector and continue education throughout their careers.

Skills providers are also important to ensure young people are aware of the opportunities presented by other sectors, to promote diversification of the economy. Equipping young people with this awareness now could foster our innovators of the future and benefit the local economy through the development of new ideas.

Examples might include careers programmes in schools which share resources with neighbouring areas.



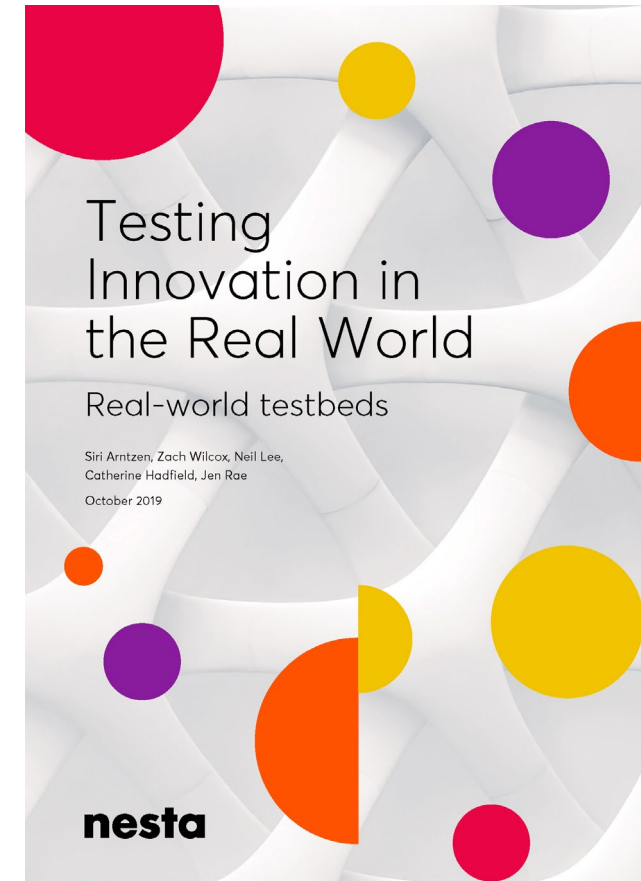
Case example: Gen2

Gen2 are a training organisation based in the North West of England. They provide high quality employer and learner responsive training and education programmes, and work with up to 300 employers at any one time.

5) BACKING INNOVATORS AND ENTREPRENEURS

Supporting entrepreneurs and innovators can help grow new home-grown businesses in the area. Entrepreneurs help drive change through innovation, by creating excitement in a new product and supporting positive change in economies. Local Authorities can play a role in facilitating innovation and should provide the space for innovators and entrepreneurs develop their ideas and scale-up their businesses.

This report on testing innovation in the real world considers how the public sector can facilitate innovation and drive relationships between the private, public and higher education sectors.





If you would like to discuss the content of this guide in more detail, you can book a one-to-one meeting with one of our experts by requesting an [Expert Drop-in Hour](#) session.