
Report to: Green Economy Panel

Date: 20 February 2018

Subject: **Local Inclusive Industrial Strategy and Clean Growth Strategy Update**

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1 Purpose of this report

- 1.1 Update the Green Economy Panel on the development of the Leeds City Region Inclusive Industrial Strategy.
- 1.2 Update the Panel on further refinement of opportunities to explore linked to the recent Clean Growth Strategy.
- 1.3 Seek comment and views on the direction of travel on the following areas:
 - An updated Leeds City Region strategic framework presented in Section 2.4 and in **Appendix 1**.
 - The draft vision statement set out in Section 2.7 and the intention to develop further 'expressions' for different audiences.
 - Initial priorities and proposals that could form the core building blocks of our Inclusive Industrial Strategy, including emerging priorities and opportunities from the Clean Growth Strategy, 25 year Environment Plan and the Leeds City Region's Green and Blue Infrastructure Strategy and Energy Strategy (see section 2.18) and,
 - The approach to developing the Inclusive Industrial Strategy that will harness the views and influence of key stakeholders and partners, including the Panel, in co-producing a compelling, bold city region proposition.

2 Information

Agreement to develop a single, bold city region strategy

- 2.1 At the LEP Board on 29th November 2017, it was agreed to begin the development of a local, inclusive Industrial Strategy (LIIS) as a replacement for the Strategic Economic Plan (SEP). This decision was endorsed by West Yorkshire Combined Authority (the Combined Authority) on 14th December 2017. Building on the SEP, this will form a key component of an agile, long-term strategic framework aimed at driving growth, boosting productivity and earning power for a post 2030 economy.
- 2.2 There is an ambition to deliver at pace with the intention to present a compelling plan that further transforms the City Region. The aim is to position the City Region so that it forms part of the first wave of Local Industrial Strategies agreed by government by March 2019.
- 2.3 An indicative timeframe for development of our strategy is provided below:
- Short-term (January/February 2018): high level messages, including an emerging vision and statement of intent for the City Region that will be used as a mechanism for engagement with government and local stakeholders; and
 - Long-term (pre-March 2019): publication/submission of the LIIS, subject to further guidance from government.

An agile long-term strategic framework

- 2.4 Crucially, our policy framework needs to provide room for bold, long-term planning. Recommended core principles for our new strategic framework include:
- A different ‘look and feel’, providing an agile and ‘live’ strategic framework, with sections that might form mini strategies in their own right, for example; key priorities and proposals identified in the Clean Growth Strategy;
 - A focus on tackling the key challenges the City Region faces:
 - Productivity Gap is increasing;
 - Innovation and R&D are very low;
 - Living standards have stalled; and
 - Stubborn deprivation persists
 - To reflect the City Region’s expanded policy remit, covering the direct and indirect determinants of citizen experience and inclusive growth¹, such as

¹ **Inclusive Growth** is broad based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve prosperity alongside greater equity in opportunities and outcomes.

how culture and sport contribute to the status and identity of thriving places and prompt diversity of thought, stimulating innovation across communities.

- To build on our core strengths e.g. our concentration of science, research and innovation assets; our globally-competitive manufacturing sector and vibrant digital-tech sectors, such as medical technologies, Fin-tech, environmental/clean tech and Agri-tech.
- To guide decision-making over a refocused programme of activity to more clearly drive inclusive growth outcomes.
- To place the City Region on the front-foot with an ambitious policy platform that improves competitiveness and ensures the benefits are shared fairly.

2.5 The diagram in **Appendix 1** presents the proposed ‘new’ strategic framework for the City Region which was considered and welcomed by the LEP Board on 16th January 2018 and the Combined Authority on 1st February 2018. Further development of the framework, including establishing a clear set of ambitions and associated outcome measures and targets, will be informed by LEP Board, the Combined Authority and advisory committees, such as the Panel. The framework is followed by a summary of the key messages emerging from an exercise to map the headline priorities of the SEP and associated delivery plans / strategies, against the overarching objectives of the Industrial Strategy’s ‘five foundations of productivity’.

Developing a compelling and transformative narrative for the City Region

2.6 One of the actions agreed by the LEP Board and endorsed by the Combined Authority, was to commence work on the development of a compelling and transformative vision narrative for the City Region. The starting point is the sentiments of the existing SEP vision:

“THE LEEDS CITY REGION WILL BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY, JOBS AND QUALITY OF LIFE FOR EVERYONE”

2.7 The narrative below is an indicative illustration to express for a particular audience what life in 2035 might be like if we deliver economic and social transformation. Other ‘expressions’ can be developed for different audiences and communicated in appropriate language and formats.

LEEDS CITY REGION 2036: TRANSFORMED BY TECH

It is 2035. Sarah and Kareem plan their day over breakfast. Sarah's smartphone confirms the autonomous vehicle booking to get Muhammed to his free child care. He waves as he gets on board, chatting excitedly with his friend Ruth about the coding club they will be attending at the primary school where the children's centre is located. Kareem cycles to Bradford's new Rail Hub for his 9.00am train to London, where he is meeting clients at an investment bank, who are interested in his company's digital trading platform with enhanced security features, developed on the back of the city region's world famous strengths in data security. He will be back in time to meet Muhammed when his autonomous vehicle returns him home.

Sarah walks to her urban transit stop and meets her friend Sam. They met working in retail, but having retrained in the mid-2020s, both now work at an engineering company in Dewsbury which produces digitally enabled artificial hips, this family owned business, part of the city region's med-tech cluster, has seen its workforce double in size over the last 10 years and its output quadruple, with export markets in North America and East Asia performing particularly strongly since the full implementation of the UK's free trade agreements with these areas in 2031.

On the tram, Sam checks his smartphone to confirm when his mum's virtual consultation on the management of her diabetes is due. Since her husband died, Thelma has moved to a new flat with integrated health and care provision that has enabled her to stay out of hospital, despite last winter's national flu pandemic. The flat was one of the first in the neighbourhood to be converted to hydrogen in 2030 and the reduction in heating costs that this clean technology provides means that Thelma was able to stay warm throughout the winter.

Thelma's primary designated carer, Lauren, started her career as a care assistant 15 years ago. She is studying on-line to develop her IT skills to level 5, to enable her to move to a more senior role at her provider, leading on the remote, digital delivery of integrated care packages, bringing together NHS and local authority provision.

On her way to the Stormzy 20th anniversary retrospective concert at the Leeds Arena, Lauren spots the BBC News alert which highlights the latest ONS economic reporting. Leeds City Region has for the second year running achieved more than £100bn in economic output with productivity per head now exceeding the national average and second only to London.

This is our future; let's all work together to create it.

Emerging priorities for our Inclusive Industrial Strategy

- 2.8 Further guidance is awaited from government on the approach and process that will be adopted to develop Local Industrial Strategies during 2018. Work has commenced to identify a number of priorities and 'big ideas' that could form the core building blocks and focus of our Local Industrial Strategy.

A summary of these emerging proposals and ideas is provided below:

1. Transformative private sector leadership in the Leeds City Region to tackle the growing productivity gap.

We need a productivity revolution; one that is led by the private sector by harnessing the collective power of business groups, business intermediaries like banks and accountants, and public business support, where businesses are clear of the challenge and there is 'no wrong door' to high quality advice to improve productivity. Real term living standards can only be increased sustainably by increasing productivity.

2. The Leeds City Region Transformed by Tech

Technology changes the world – and the Leeds City Region has significant private and public tech assets to extend its reputation for tech. Businesses invest relatively little in Research & Development (R&D) and there are opportunities to test how to best prompt and channel investment in technology, innovation and R&D to transform our economic base. We need to deliver the Leeds City Region Med-Tech Science Innovation Audit (SIA) as a 'proof of concept' to learn how orchestrated academic, public and private action can unlock R&D and innovation, driving investment, productivity and growth in other key sectors and technologies where the City Region has particular strengths and assets, including environmental/clean technologies .

3. Maximising the impact of HS2 and Northern Powerhouse Rail through the development of inclusive growth corridors in the Leeds City Region

Deprivation is stubborn, while new infrastructure and the power of agglomeration brings new good jobs, we have to do more to ensure that all communities are able to take these opportunities. We therefore need to deliver inclusive growth corridors alongside local communities so everyone – and particularly those in the most disadvantaged areas – are connected to opportunities. A series of corridors will connect major communities, including some of the most deprived, to HS2. The plans will cover housing and employment, flooding and wider environmental and social policy as well as the transformational connectivity and the opportunities around new technologies required to support each of these.

2.9 These ideas and proposals build on the 10 Headline Initiatives presented in the SEP (e.g. the headline initiatives) and the long-term priorities set out in our Autumn Budget submission, such as:

- An ambition to become a global digital centre, with specialisms in data storage, analytics, digital health and tech.
- To implement co-ordinated and wide ranging action to radically increase innovation.
- To make the City Region a leading edge centre for zero carbon energy;
- To deliver a more jobs, better jobs programme and the need to close the gap in relation to high level skills and to tackle employability issues.
- Our intention to drive forward the development of our Spatial Priority Areas (SPAs) through integrated investment, ensuring climate change adaptation and high quality green infrastructure is integral to improving the City Region economy and its SPAs; and
- Move beyond the improved connectivity that will result from the Transport Fund towards a single integrated public transport network, connected to major national/northern schemes such as HS2.

Our Approach to Policy Development

2.10 It is our intention to adopt an open and inclusive approach to the development of the LIIS, working with the CA/LEP's Advisory Committees, and with strong engagement in particular with:

- Districts, building on the excellent work done and ongoing to develop their local inclusive growth/economic/industrial strategies;
- Universities, making the most of their research assets and role as local anchor institutions; and
- Business representative groups, as key actors representing the views of the private sector in the city region and deep knowledge of the barriers to improving productivity and boosting earning power.

2.11 A key part of securing widespread buy-in and support will be to ensure we have a shared vision for our future economy (and society – see illustrative vision statement in 2.7above). The LEP Board and the Combined Authority agreed that Communications & Marketing will develop a range of ways to engage with stakeholders on our vision, developing alternative and additional perspectives that demonstrate how, with the right interventions, all parts of the city region and all its residents can be transformed.

Clean Growth Strategy Update

2.12 At the previous Panel meeting on 21 November 2017 the Panel received an outline of the Government's Clean Growth Strategy. There is immense value accessing the opportunities presented by clean growth and the government has acknowledged that clean growth must play a central part in the Industrial Strategy. As a result the Clean Growth Strategy (CGS) sets out proposals which will contribute to the UK meeting its ambitions that are set out in the

Industrial Strategy White Paper. Clean Growth is also identified as one of four key challenges in the Industrial Strategy White Paper.

2.13 Policies and proposals in the CGS have been set in eight key areas reflecting the areas where the government considers the greatest progress is needed. These are:-

- Accelerating clean growth;
- Improving business and industry efficiency;
- Improving our homes;
- Accelerating the shift to low carbon transport;
- Delivering clean, smart and flexible power;
- Enhancing the benefits and value of our natural resources;
- Leading in the public sector; and
- Government leadership in driving clean growth

2.14 Given the links between the CGS and Industrial Strategy, and the need for clean growth to be an integral part of any local Industrial Strategy, the Combined Authority and the wider LEP need to look to embed clean growth into emerging work to develop a local Industrial Strategy (including inclusive growth) and the wider policy framework (see **Appendix 1**). The exact way that this will be achieved is currently being explored.

2.15 As requested by the Panel, further work is also underway reviewing the short, medium and long term opportunities and priorities that the CGS may offer the City Region and its local authority partners. The table below summarises the current refined list the GEP should consider exploring in the short term.

Policy / proposal	Priority Rating
11. Support around £3.6 billion of investment to upgrade around a million homes through the Energy Company Obligation (ECO), and extend support for home energy efficiency improvements until 2028 at the current level of ECO funding.	High
17. Build and extend heat networks across the country, underpinned with public funding (allocated in the Spending Review 2015) out to 2021	High
25a. Provide £50 million for the Plug-in Taxi programme, which gives taxi drivers up to £7,500 off the purchase price of a new ULEV taxi, alongside £14 million to support 10 local areas to deliver dedicated charge points for taxis.	High
25b. Provide £100 million for a national programme of support for retrofitting and new low emission buses in England and Wales.	High
38. Design a new system of future agricultural support to focus on delivering better environmental outcomes, including addressing climate change more directly	High
46. Introduce a voluntary public sector target of a 30 per cent reduction in carbon emissions by 2020-21 for the wider public sector.	High

47. Provide £255 million of funding for energy efficiency improvements in England and help public bodies' access sources of funding.	
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An update on the work to refine the draft priorities/opportunities worth exploring in detail (including the medium and long term opportunities and work with partners), and to feed into the new policy work above, will be summarised at the meeting. As there are at least 47 proposals within the CGS this work is still being explored and further work is required. In addition, the following will also need to feed into the new policy work above (para 2.14):

- 25 year Environment Plan
- Green and Blue Strategy and Delivery Plan
- Energy Strategy and Delivery Plan

3 Financial Implications

- 3.1 While there are no immediate and direct financial implications arising as a result of this report, without further investment or significant changes to fiscal powers, it is likely that the Combined Authority will have insufficient resources to fund interventions for its extended policy range.
- 3.2 The Leeds City Region currently does not have access to further government support for developing a local industrial strategy, unlike Mayoral Combined who have access to a further £12m over two years to increase capacity and resources, in addition to committing civil servant support to co-produce local industrial strategies

4 Legal Implications

- 4.1 There are no legal implications directly arising from this report.

5 Staffing Implications

- 5.1 Broadening the Combined Authority's policy range will require capacity and expertise from the Combined Authority, local authorities and other partners. This can largely be provided within existing resources.

6 External Consultees

- 6.1 No external consultations have been undertaken.

7 Recommendations

- 7.1 That the Panel comments and provides views on the direction of travel on the following areas:

- 7.1.1 The proposed 'new' Leeds City Region strategic framework.

- 7.1.2 The draft vision statement and the intention to develop further ‘expressions’ for different audiences.
- 7.1.3 Initial priorities and proposals that could form the core building blocks of our local, inclusive industrial strategy, including the priorities from the Clean Growth Strategy, 25year Environment Plan and the Leeds City Region’s Green and Blue Infrastructure Strategy and Energy Strategy; and
- 7.1.4 The suggested approach to the development of the Inclusive Industrial Strategy so that it harnesses the views and influence of partners in co-producing a compelling, bold city region proposition, including how the Panel would like to be involved in its development.

8 Background Documents

None.

9 Appendices

Appendix 1 - Leeds City Region Strategic Framework