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**Report to:** Employment and Skills Panel

**Date:** 2 March 2018

**Subject:** **Local Inclusive Industrial Strategy**

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**Director(s):** Liz Hunter, Interim Director of Policy and Strategy

**Author(s):** Christian Denison

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## **1 Purpose of this report**

- 1.1 The purpose of this report is to update panel members on the development of the Local Inclusive Industrial Strategy (LIIS) and how the employment and skills agenda links to the development.

## **2 Information**

### **Overview of Local Inclusive Industrial Strategy proposals**

- 2.1 The Government's national Industrial Strategy White Paper set out five foundations for delivering the vision for a transformed economy – ideas, people, infrastructure, business environment and places. It also stated that Government would be agreeing Local Industrial Strategies with local enterprise partnership areas, starting with the mayoral combined authorities in March 2019.
- 2.2 At the Leeds City Region Enterprise Partnership (LEP) Board on 29 November 2017, it was agreed to begin the development of a LIIS as a replacement for the Strategic Economic Plan (SEP). This decision was endorsed by the West Yorkshire Combined Authority on 14 December 2017. Progress reports on the development of a LIIS have been discussed at the most recent LEP and Combined Authority Boards. Building on the SEP, the LIIS 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. The key points to note, taken from the board paper, are set out below.
- 2.3 There is an ambition to deliver the LIIS 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.

- 2.4 The diagram included as **Appendix 1** presents the proposed strategic framework for the City Region which was considered and welcomed by the LEP Board on 16 January 2018 and by the Combined Authority on 1 February 2018. Further development of the framework, including establishing a clear set of ambitions and associated outcome measures and targets, will be informed by the LEP Board, West Yorkshire Combined Authority and advisory committees (including the Employment and Skills Panel).

### **Emerging priorities for our Local Inclusive Industrial Strategy**

- 2.5 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 LIIS.

- 2.6 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 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 City Region Med-Tech Science and 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.

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 social policy as well as the transformational connectivity and the opportunities around new technologies required to support each of these.

- 2.7 These emerging ideas and proposals also recognise that our LIIS needs to unlock productivity. If the City Region's productivity were to be raised just to the national average level, its economy would be more than £10 billion larger.
- 2.8 This approach was endorsed at the Combined Authority Board, but it was noted that there is an important role for skills to play and that re-training will form a large aspect of it. The Board also noted that the language in the emerging proposals may need refining.

### **What does this mean for employment and skills?**

- 2.9 To ensure that there is a strong employment and skills thread running through the LIIS the policy and strategy team are undertaking a review of the Employment and Skills Plan. This is not intended to be a re-write of the current plan but to make sure that the priorities are still correct, identify whether there are any gaps, and how it can influence and feed into the LIIS work. This review will have the aim of ensuring that we have a strong base from which to make recommendations.
- 2.10 The policy and strategy team will:
- Analyse the current priorities with reference to the latest evidence (including automation and Brexit), producing SWOT analyses to identify any gaps in our existing focus;
  - Look at the linkages with other policy areas, including those to be included in the LIIS such as the productivity gap, and identify any new areas for action;
  - Explore any new national initiatives that may result in changes to policy at a local level;
  - Examine how the analysis and gaps identified may change potential devolution proposals;
  - Consult internally and externally on the findings; and
  - Present final conclusions and recommendations to the Employment and Skills Panel.
- 2.11 An indicative timeline for the review is:
- Analysis and what this means for future policy, LIIS, Devolution asks – February - April
  - External consultation – May - June
  - Final Recommendations - August
- 2.12 Related to the LIIS and the review of the Employment and Skills Plan is the recently published Government response to the Matthew Taylor Review of

Modern Working Practices. Alongside the Government response are 4 consultations:

- Enforcement of employment rights recommendations.
- Agency worker recommendations.
- Measures to increase transparency in UK labour market.
- Employment status.

2.13 These themes directly link to people powered productivity and panel members will be kept informed of the development of any response from the Combined Authority.

### **3 Financial Implications**

3.1 There are no financial implications directly arising from this report.

### **4 Legal Implications**

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

### **5 Staffing Implications**

5.1 There are no staffing implications directly arising from this report, work will be completed within current staffing structures.

### **6 External Consultees**

6.1 No external consultations have been undertaken.

### **7 Recommendations**

7.1 Panel members are asked to:

- note the update on the development of a Local Inclusive Industrial Strategy and feedback any thoughts on the strategic framework and emerging proposals;
- and comment on the proposals for a re-fresh of the Employment and Skills Plan.

### **8 Background Documents**

None.

### **9 Appendices**

**Appendix 1** – Leeds City Region Strategic Framework