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Report to: West Yorkshire Combined Authority

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Subject: Local, Inclusive Industrial Strategy update

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

1 Purpose

1.1 The purpose of this paper is to:

- update the WYCA on the development of a single, bold city region strategy, owned by both the WYCA and LEP Board with inclusive growth at its core;
- provide an overview of the headline messages from the national Industrial Strategy White Paper that was launched on 27 November, 2017;
- update WYCA on the outcome of the LEP Board that met on 29th November and seek WYCA agreement to the LEP Board's decision to begin the development of Local, Inclusive Industrial Strategy (LIIS) as a replacement for the Strategic Economic Plan (SEP); and
- set out an indicative timeline for the development of a local, inclusive, industrial strategy that reflects national guidance whilst recognising the LEPs ambition around delivering at pace.

1.2 The LIIS will build on the SEP and will be an agile, long-term framework aimed at driving growth, boosting productivity and earning power for a post 2030 economy. To realise this, the report seeks the views and direction of WYCA on how:

- we build on the city region's submission to the spring Green Paper and Autumn Budget to inform the development of a local inclusive and place based industrial strategy; and
- a local industrial strategy can meet the objectives, and tackle the headline challenges identified in the national Industrial Strategy.

2 Information

NATIONAL INDUSTRIAL STRATEGY WHITE PAPER

- 2.1 The Industrial Strategy White Paper was launched on Monday 27th November, by the Business Secretary Greg Clark, with the aim of “***creating an economy that boosts productivity and earning power throughout the UK***”.
- 2.2 The national strategy is structured around five foundations of productivity (ideas, people, infrastructure, business environment, and place) and four ‘grand challenges’ (listed below) developed in response to global forces that the UK must embrace.
- **Artificial intelligence and big data:** putting the UK at the forefront of AI and the data revolution;
 - Maximising the advantages from a shift towards **clean growth**;
 - Becoming a world leader in the **future of mobility**; and
 - Harnessing the power of innovation to meet the needs of an **ageing society**.
- 2.3 The White Paper sets out how Combined Authorities and LEPs will contribute to the national Industrial Strategy by co-ordinating the development of their own local industrial strategy bringing together local businesses, political and public sector leaders to drive growth and economic regeneration.
- 2.4 Places in England with a Mayoral Combined Authority will have a single strategy led by the mayor and supported by Local Enterprise Partnerships. For parts of the country without a mayor, the development of the strategy will be led by the LEP. **HMG will agree the first Local Industrial Strategies by March 2019**, prioritising areas with the potential to drive wider regional growth, focusing on clusters of expertise and centres of economic activity.
- 2.5 Government is keen to adopt a co-production model to develop local industrial strategies as there are likely to be policy areas where activity needs to relate to national and city regional agendas. The adoption of a co-production model could provide the following opportunities for the Leeds City Region:
- The development of sector deals where the LCR has a strong interest, and/or use of supply chains to get businesses collaborating to improve business processes and management and improve productivity;
 - Opportunities to re-engineer the incentives and disincentives in tax (individual and corporate) and welfare systems, bearing in mind the strong spatial distributional implications;
 - Exploring options to pilot potential national activity in the LCR; and
 - There is also likely to be element of co-production required with local authorities – particularly to shape very intensive, hyper-local services that might be

particularly important for transforming the lives of people very furthest from the labour market.

LEP BOARD NOVEMBER 2017

2.6 The LEP Board agreed proposals to update and replace the SEP with a Local, Inclusive Industrial Strategy. 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.

2.7 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 mechanism for engagement with government and local stakeholders; and
- Long-term (March 2019): LIIS – which will be an agile, long-term framework aimed at driving growth, boosting productivity and earning power for a post 2030 economy (see Section 2.8 below).

A more detailed work plan will follow later in the New Year that will reflect government's evolving position and guidance which will be obtained through on-going dialogue with government officials.

2.8 As set out the LEP Board paper the new document(s) will:

- be a single, bold top-level city region strategy owned by both the LEP and Combined Authority, with inclusive growth at its core;
- have a different 'look and feel', providing an agile and 'live' strategic framework, with sections that might form mini strategies in their own right (e.g. digital);
- have an expanded policy remit, covering the direct and indirect determinants of inclusive growth, such as how culture and sport contribute to the status and identity of thriving places;
- guide decision-making over a refocused programme of activity to more clearly drive inclusive growth outcomes; and,
- put the city region on the front-foot with an ambitious policy platform that improves competitiveness and ensures the benefits are shared fairly.

2.9 The new strategy will also build on our submission to the Autumn Budget. It begins to bring to life the core theme of our response to the spring Industrial Strategy Green Paper; understanding the challenges and opportunities in functional economies and joining-up solutions to improve productivity, with the benefits shared fairly.

2.10 A summary of our proposals is provided in the table below:

IMMEDIATE PROPOSALS FOR ACTION	MEDIUM TO LONGER TERM AMBITIONS
<p>Commit £2 million to Leeds City Region Growth Hubs Plus Core Offer*.</p> <p>£50 million for five years to secure the Leeds City Region's world-leading med-tech position with new scale-up support, linked to the Leeds Innovation District.</p> <p>Support Innovation North £1 million - £3 million proposal being developed by Northern LEPs.</p> <p>Commit £2.5 million to the successful local apprenticeship hubs programme and £1.3 million over three years to enterprise in education offer.</p> <p>Government support for the LCR HS2 Growth strategy</p> <p>£100 million to support the Leeds City Region Housing Deal.</p> <p>Invest up to £40 million Local Energy Fund.</p>	<p>Northern Powerhouse Rail, including stops in Bradford and York.</p> <p>An ambitious retraining programme.</p> <p>That the Government's planned UK Shared Prosperity Fund, intended to replace European Union funding after Brexit, forms part of any "single pot" arrangements as part of devolution.</p> <p>Private sector-led collaboration to raise the productivity of firms below the industry average.</p> <p>A childcare offer to improve access to labour markets by removing barriers, and ensures all children –particularly the most disadvantaged - are school ready.</p> <p>Pilot a care sector deal to improve quality and increase value.</p>

* the Industrial Strategy White Paper included a commitment to continue funding Growth Hubs, with further information to follow about local allocations.

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 WYCA 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 a local industrial strategy, unlike Mayoral Combined Authorities 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 direct legal implications arising from this report.
- 4.2 WYCA has the power of general competence in respect of economic development and regeneration matters.

5 Staffing Implications

- 5.1 Broadening the WYCA's policy range through a Local Inclusive Industrial Strategy will require capacity and expertise from WYCA, local authorities and other partners. This can largely be provided within existing resources, subject to (i) ongoing

organisational redesign and (ii) cooperation and support from partners (including universities, local authorities, government departments, business groups, etc.).

6 External Consultees

6.1 The content of this report has been subject to discussion with LEP Board.

7 Recommendations

7.1 WYCA agreement is sought to formally commit to beginning the development of a single, bold LIIS as a replacement for the SEP, which will be owned by both the LEP and CA with inclusive growth at its core.

7.2 For WYCA to provide direction on:

- how we build on the key themes and messages emerging from the city region's submission to the Industrial Strategy Green Paper, Autumn Budget and the government's Industrial Strategy White Paper to inform the development of a local inclusive and place based industrial strategy.

8 Background Documents

8.1 No background documents are attached.