
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 26 March 2019

Subject: **Local Industrial Strategy Development**

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1. Purpose of this report

- 1.1 To update the LEP Board on progress to develop a Local Industrial Strategy (LIS) for the proposed new LEP geography, which encompasses the areas of West and North Yorkshire.

2. Information

- 2.1 In early 2018, the LEP Board and Combined Authority agreed that work would begin on the development of a LIS for Leeds City Region. Sitting at the heart of a new, long-term strategic policy framework, the emerging LIS will focus on bold steps aimed at boosting productivity and driving both inclusive and clean growth living for a post-2030 economy.
- 2.2 Guidance in the form of a policy prospectus on Local Industrial Strategies was published by Government in early October 2018¹. The guidance highlights that agreeing a LIS will be a necessary condition for LEPs and Mayoral Combined Authorities to draw down any future local growth funding (or Shared Prosperity Funding) being deployed. The prospectus also states that Local Industrial Strategies should remain strategic documents and not contain any proposals that require new funding or have spending implications outside of existing budgets available to local areas.
- 2.3 The policy prospectus articulates that LISs should set out clearly defined objectives to increase the productivity of the local economy. So that all places:
- Are able to increase productivity and realise their potential, building on well-evidenced and distinctive strengths aligned to the national Industrial Strategy.
 - Set out spatial impacts of national and local policy across cities, towns and rural areas, informing priorities and choices and demonstrating how

¹ <https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

they will allow all communities to contribute to, and benefit from, economic prosperity. This is being seen as increasingly important due to the government's focus on areas that have been left behind.

- 2.4 The LEP Board away day in September 2018 helped to shape thinking on the development of the Leeds City Region LIS. Government representatives were invited to attend the event to update on the latest developments nationally and provide input and steer on the proposed approach.
- 2.5 Following the LEP Review (September 2018) there is now local consensus that supports the establishment of a new LEP encompassing the areas of West and North Yorkshire. Teams from the two LEPs are therefore working towards the development of a single LIS to cover the entire geography.
- 2.6 The timescales for LIS development have been reduced since last reported. Government has now confirmed a deadline of December 2019 for a final version, which would then be signed off by Government by March 2020.
- 2.7 Work is underway to identify key priorities, which can be further developed/tested and supported by evidence over the coming months to ensure that the LIS is reflective of the proposed new geography.
- 2.8 The LIS will be co-produced with Government. Its ultimate endorsement by Government will mean it is a local expression of Government policy. This makes it a particularly powerful and influential strategy that will have an impact on future decisions about the region, for instance with regard to funding.

Process

- 2.9 Government guidance is clear on the need for LISs to be underpinned by robust evidence which draws out relative strengths and weaknesses, with an emphasis on productivity.
- 2.10 A strong evidence base is already in existence. This will be brought together into a full economic analysis, which will support the development of policy priorities.
- 2.11 A broad call for evidence is currently live, to allow stakeholders to help inform the development of the LIS. Interested parties are encouraged to submit evidence before 31 March 2019. <http://www.the-lep.com/about/projects/local-industrial-strategy/>
- 2.12 A second, more focused call for evidence will also be launched in April to delve into key areas, based on more specific questions.
- 2.13 Additional work is being undertaken where there is a gap in the existing knowledge base and a more intensive examination of the issues is required to address gaps in intelligence and determine areas of distinctiveness across the new geography. External consultancy and support has been commissioned to develop more detailed evidence around:

- Productivity review: greater analysis of productivity performance across the City Regions, including analysis of sectors that have significant levels of low productivity firms.
 - Supply chain analysis: identifying areas where there are opportunities to improve processes and develop new opportunities for businesses.
 - Understanding innovation in the region: culture, capacity and potential for innovation across our business base.
 - Sector/cluster deep dive: health-tech and clean tech to understand tech strengths and cluster opportunities.
 - Inclusive Growth: understanding approaches across the new geography and working towards a set of indicators in the context of the LIS.
- 2.14 The initial economic analysis, and associated commissions will be complete in April 2019. Further detailed work may follow. The final data report will be produced in July 2019.
- 2.15 Consultation and engagement with a wide range of partners, stakeholders and individuals is planned to ensure the LIS encompasses the needs and distinctiveness of the new region. The initial stage of this is to undertake a stakeholder mapping exercise in March to fully understand key communication channels across the new geography.
- 2.16 An independent expert panel is being developed to provide expert challenge and advice, and critical review of the evidence base and subsequent policy priorities. Members of the panel will be drawn from academia, business, the public sector (including large employers such as the NHS), and the voluntary and community sector. Invitations will be sent this week from both LEP chairs. The panel will meet for its inaugural meeting in April 2019, with meetings scheduled throughout the development process.
- 2.17 In addition engagement will take place with LEP Board Panels, the Business Communications Group, businesses, universities, local authorities and community and citizen groups to best understand their priorities and the role that the new LEP can play in meeting these. This engagement will commence in earnest from May, with a range of methodologies being explored including online consultation, social media, workshops and roundtables, and place-based community engagement events.
- 2.18 To reflect the scale and long-term ambition of the LIS, we will also seek to engage with young people on their views and input into shaping our proposals through significant youth engagement.
- 2.19 Engagement and co-production with a range of Government departments will be undertaken throughout the development process to ensure that the LIS is completed and submitted to Government in December 2019.

3. Financial Implications

- 3.1 In addition to core staff resource to support research and intelligence and policy development activity, a budget of approximately £200,000 is available from Combined Authority / LEP internal budgets across the financial years 2018-19 and 2019-20 (subject to business planning and budget setting) to support development of the evidence base for the Local Industrial Strategy. In addition, both LEPs have been allocated funding identified in the 'Strengthened Local Enterprise Partnerships' guidance for capacity building. Officers from both teams are developing proposals for deploying this budget. The additional funding has been approved by Government.

4. Legal Implications

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

5. Staffing Implications

- 5.1 The LIS development forms a central component of the Combined Authority and LEP's programme of work to broaden its policy range. This 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 External engagement to inform the development of the Local, Inclusive Industrial Strategy has been commissioned to review productivity and innovation.

7. Recommendations

- 7.1 That the LEP Board notes progress made and endorses the proposed way forward on development of the evidence base.

8. Background Documents

- 8.1 None.

9. Appendices

- 9.1 None.