
Report to: Green Economy Panel

Date: 9 April 2019

Subject: **Local Industrial Strategy Development**

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1. Purpose of this report

- 1.1 To update the Green Economy Panel on progress to develop a Local Industrial Strategy (LIS) for the proposed new LEP geography, which encompasses the areas of West and North Yorkshire, and seek input on the strengths and opportunities in the new geography.

2. Information

- 2.1 In early 2018, the LEP Board and Combined Authority agreed that work would begin on the development of a Local Industrial Strategy (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 October¹ 2018. The guidance highlights that agreeing a Local Industrial Strategy 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:

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

- 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 they will allow all communities to contribute to, and benefit from, economic prosperity. This is 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 now working towards the development of a single LIS to cover the entire geography.
- 2.6 Timescales have been reduced since last reported, now with a target of December for a final version, to 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 which will have an impact on future decisions about the region, for instance with regard to funding.
- 2.9 Clean Growth is one of the Government's four grand challenges (along with AI and Data, Future of Mobility and Ageing Society). LISs will demonstrate how and where they can contribute to one or more of these global challenges by identifying nationally significant strengths, assets and opportunities.

Process

- 2.10 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. A strong evidence base is already in existence and this will be developed and 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.
 - *Clean Growth Audit* - identify the current clean growth sectors and develop new areas of opportunity (a full update on the clean growth audit was provided to the Panel at the January meeting).
- 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 geography. A stakeholder mapping exercise was undertaken in March to fully understand key communication channels across the new geography.
- 2.16 An independent panel is being established 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.
- 2.17 In addition engagement will take place with LEP Board Panels, 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 engage with young people on their views and input into shaping our proposals.

- 2.19 The process to develop the LIS will be iterative and will therefore evolve throughout the year. Engagement and co-production with Government 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 to support development of the evidence base for the LIS. In addition, both LEPs have been allocated funding identified in the 'Strengthened Local Enterprise Partnerships' guidance for capacity building. Officers from both teams are currently 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 LIS has been commissioned to review productivity and innovation.

7. Recommendations

- 7.1 That the Green Economy Panel:
- Notes progress made and endorses the proposed way forward on development of the evidence base.
 - Provides feedback on some of the strengths, assets and opportunities across the new geography, particularly on the Grand Challenge of Clean Growth.

8. Background Documents

- 8.1 There are no background documents.

9. Appendices

- 9.1 There are no appendices.