
Report to: Business Innovation and Growth Panel

Date: 28 May 2019

Subject: **Local Industrial Strategy Development**

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1. Purpose of this report

- 1.1 To update the 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 As previously reported, 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 working towards the development of a single LIS to cover the entire geography. This will be completed by December, to be signed off by Government by March 2020.
- 2.2 The LIS will focus on bold steps aimed at boosting productivity and driving both inclusive and clean growth living for a post-2030 economy.
- 2.3 Work is underway to identify key priorities against the five foundations of productivity – People, Place, Infrastructure, Ideas and Business Environment, 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.
- 2.4 In addition Government has set out four grand challenges – Clean Growth, 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.

- 2.5 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.

Process

- 2.6 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.
- 2.7 A broad range of stakeholders have responded to an initial call for evidence to inform the development of the LIS. A second, more focused call for evidence will also be launched in May to delve into key areas, based on more specific questions.
- 2.8 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.
 - *Health-tech/digital health audit* - seeks to better understand the nature of health-tech, particularly digital health, beyond the top line facts and figures, identifying genuine areas of distinctive strengths and opportunities across the region.
 - *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.
- 2.9 The initial economic analysis, and associated commissions will be complete in May 2019. Further detailed work may follow. The final data report will be produced in July 2019. Headline findings regarding productivity and Business Environment will be presented at the meeting. Innovation/Ideas will be covered in the Innovation paper.
- 2.10 Panel members are asked to provide feedback on some of the strengths, areas of distinctiveness and opportunities across the new geography, particularly relating to improving productivity.

- 2.11 An independent panel has been 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. The panel met on 1 May and provided robust feedback regarding the process to develop the LIS.
- 2.12 In addition consultation and 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 has commenced, with a range of methodologies being explored including online consultation, social media, workshops and roundtables, and place-based community engagement events.
- 2.13 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.
- 2.14 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, innovation, clean growth, health tech and inclusive growth.

7. Recommendations

- 7.1 That the Business, Innovation and Growth Panel:
- Notes progress made and endorses the proposed way forward.
 - Provides feedback on some of the strengths, assets and opportunities across the new geography, particularly relating to the Business Environment and Ideas elements of the LIS.

8. Background Documents

- 8.1 There are no background documents.

9. Appendices

- 9.1 There are no appendices.