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

**Date:** 6 June 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) and to invite two Board members to join the Steering Group that will oversee the development.

## 2. Information

- 2.1 As previously reported, a LIS is being developed for the LEP area which will focus on bold steps aimed at boosting productivity and driving inclusive and clean growth for a post-2030 economy. This will be completed by December 2019, to be signed off by Government in March 2020.
- 2.2 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 and tested over the coming months to ensure that the LIS is reflective of all parts of the region.
- 2.3 In addition Government has set out four grand challenges – Clean Growth, Artificial Intelligence and Data, Future of Mobility and Ageing Society. LISs will demonstrate how and where areas can contribute to one or more of these global challenges by identifying nationally significant strengths, assets and opportunities.
- 2.4 The LIS is being 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.
- 2.5 The [West Midlands](#) LIS was the first to be published in May 2019. As a trailblazer they have worked with government closely over the past year to develop their LIS. The LISs from the other trailblazer areas - Greater

Manchester and the Oxford-Milton Keynes–Cambridge corridor are expected soon. The published document offers an insight into the expectations of government. Officers from the LEP have previously discussed the process with colleagues from both West Midlands and Manchester and are meeting with government in June to further understand the process and any lessons learnt.

- 2.6 To date, the LEPs covering Leeds City Region and York and North Yorkshire have been working together to create a joint Local Industrial Strategy for their combined area. This is in the context of wider proposals to create a new LEP following Government recommendations that overlapping geographies between neighbouring LEPs need to be removed. Discussions around this merger are continuing with the aim of having a new LEP in place by March 2020, as detailed in item 17, however more immediate decisions need to be taken on the LIS than the merger timescales allow. To simplify the decision-making process and to enable work to progress quickly, including effective engagement with local areas and businesses, it is proposed that each LEP will carry out work to develop strategies reflecting the two existing LEP geographies. There will continue to be significant collaboration between the two LEPs on the development of these strategies, with the view to bringing the two together into a single, coherent strategy for the new LEP geography once the merger process is complete.
- 2.7 It is intended that a Steering Group should oversee the development of the LIS on behalf of the LEP Board. It is proposed that private sector members of the LEP Board and Panels serve on this group, alongside government and local authorities.
- 2.8 In addition working groups will be established to provide challenge and support regarding policy priorities. These groups will be made up of businesses and intermediaries, public sector, universities and other interested stakeholders' dependant on topic. Further advice of this will be provided in due course.

### 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. 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.
- 2.10 A broad range of stakeholders responded to an initial call for evidence to inform the development of the LIS evidence base. This has included information regarding inclusive growth, construction skills, innovation and utilization of work place skills. A second, more focused call for evidence will be launched in June to ask more specific questions and delve into the foundations of productivity.

- 2.11 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 LEP area. External consultancy and support has been commissioned to develop more detailed evidence around:
- *Productivity review*: greater analysis of productivity performance across the region, 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* – defining what inclusive growth means in the context of the LIS and working towards a set of indicators in the context.
  - *Clean growth audit* - identify the current clean growth sectors and develop new areas of opportunity.
- 2.12 The initial economic analysis, and associated commissions will be complete in June 2019. Further detailed work may follow. The final data report will be produced in summer 2019. Headline findings will be provided verbally at the meeting. An initial SWOT analysis is provided at Appendix A.
- 2.13 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.
- 2.14 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 are 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 feedback regarding the process to develop the LIS. A further meeting is planned for July to consider the framework to shape the priorities for the Local Industrial Strategy and associated outcomes, along with the implications for policy development.
- 2.15 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 LEP can play in meeting these. This will include District level consultation events through locally based meetings, for example, economic partnerships. Engagement has commenced, with a range of methodologies being explored including online consultation, social media, workshops and roundtables, and place-based community engagement events.

- 2.16 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.
- 2.17 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. Engagement with government has been ongoing throughout the development process. This includes:
- Monthly attendance at Project Board meetings
  - Workshop with Cities and Local Growth Unit (CLGU) and Business, Energy and Industrial Strategy (BEIS) analysts in March
  - Telekits from key departments on the foundations of productivity
  - Workshop with CLGU and BEIS in June
  - Innovation workshop with BEIS, CLGU, Innovate UK, Institute for Manufacturing and northern LEPs in June
  - Individual sessions with relevant departments will be arranged in September once draft priorities have been agreed.

### Key Milestones

- 2.18 Key milestones for the development of the LIS throughout 2019 are set out below:
- Initial call for evidence completed May
  - Initial economic evidence report complete June
  - Stakeholder engagement June/July
  - Second call for evidence June/July
  - Final economic evidence report complete August
  - Draft policy proposals August
  - Consultation and engagement on draft proposals September
  - LIS drafted and tested October/November
  - LIS finalised and submitted to Government December
  - LIS published March 2020

## **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, funding identified in the 'Strengthened Local Enterprise Partnerships' has been allocated and 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 A programme of external engagement is being undertaken to inform the development of the Local Industrial Strategy.

## **7. Recommendations**

- 7.1 It is recommended that the LEP Board:
- notes progress made;
  - endorses that work should progress on a LIS for the existing Leeds City Region LEP until the creation of a new LEP is confirmed;
  - consider whether private sector members would like to serve on the LIS Steering Group and working groups.
- 7.2 Members provide feedback on some of the areas of distinctiveness, assets and opportunities for the LIS, particularly relating to productivity growth, as suggested at 2.13.

## **8. Background Documents**

- 8.1 None

## **9. Appendices**

- 9.1 Appendix 1 – Local Industrial Strategy Headline SWOT Analysis