
Report to: Transport Committee

Date: 5 July 2019

Subject: **Local Industrial Strategy**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Emma Longbottom

Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<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 of this report

- 1.1 To update the Transport Committee on progress to develop a Local Industrial Strategy (LIS)

2. Information

Background

- 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

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

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 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 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.
- 2.5 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.
- 2.6 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.
- 2.7 The [West Midlands](#) and [Greater Manchester](#) LIS's have been the first to be published. As trailblazers they have worked with government closely over the past year. The published documents offer 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 talking to government to understand any lessons that can be learnt.
- 2.8 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 merge the two LEPs 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, 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, it has been agreed that each LEP will develop a separate LIS reflecting the two existing LEP geographies. There will continue to be significant

collaboration between the two LEPs on the development of these strategies, with a view to bringing the two together into a single, coherent strategy for the new LEP geography once the merger process is complete.

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 has been developed 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 included information regarding inclusive growth, construction skills, innovation and utilization of work place skills. A second, more focused call for evidence has been launched asking more specific questions and delving 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:
- *Productivity review*: greater analysis of productivity performance across the region, including analysis of sectors that have significant levels of low productivity firms.
 - *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 was completed in June. Further detailed work may follow. The final data report will be produced in summer 2019. Headline findings regarding the infrastructure section of the evidence will be provided verbally at the meeting.
- 2.13 Members are asked to provide feedback on some of the strengths, areas of distinctiveness and opportunities across the new geography, particularly relating to how transport can support productivity improvements.
- 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, 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 Consultation and engagement will also 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 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.

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 completed 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 External engagement to inform the development of the Local Industrial Strategy has been commissioned to review productivity, innovation, health tech, clean growth and inclusive growth.

7. Recommendations

- 7.1 It is recommended that the Transport Committee notes progress made and that Members provide feedback on some of the areas of distinctiveness, assets and opportunities for the LIS, particularly relating to transport and productivity growth.

8. Background Documents

None.

9. Appendices

None.