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**Report to:** Overview and Scrutiny Committee

**Date:** 12 July 2019

**Subject:** **Cover report: Local Industrial Strategy Development**

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**Director:** Angela Taylor, Corporate Services

**Author(s):** Khaled Berroum, Scrutiny Officer

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## **1. Purpose of this cover report**

- 1.1 To introduce and provide background to the report of the Director of Policy, Strategy & Communications entitled 'Local Industrial Strategy Development'.

## **2. Information**

- 2.1 The Overview and Scrutiny Committee was last updated at its 13 July 2018 committee meeting on the progress to replace the LEP's current *Strategic Economic Plan* (SEP) with a new policy framework which the 'Local Industrial Strategy' will sit at the heart of.
- 2.2 Scrutiny members were asked to consider how the new policy framework and industrial strategy could better appraise, prioritise and develop projects against outcomes and to help determine the best way to measure and calculate success in order to improve future policy development.
- 2.3 The Committee discussed a general formula based around (1) identifying problems, (2) identifying targets/outcomes to alleviate those problems, (3) identifying projects and programmes which achieve those targets/outcomes and alleviate those problems and (4) monitoring outcomes and outputs long term to revisit the identified problems and whether targets were maintained.
- 2.4 The Committee also asked a working group<sup>1</sup> to consider the industrial strategy in more detail. At a working group meeting on 9 November 2018, working group members were informed of the following:

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<sup>1</sup> LEP Review Working Group 2018/19 (formerly Strategic Economic Plan (SEP) Working Group)  
Lead: Cllr Stephen Baines  
Members: Cllrs Mike Pollard, Rosie Watson and Paul Kane

- The government published a ‘policy prospectus’<sup>2</sup> detailing guidance and ‘best practice policy principles for developing a local Industrial Strategy’.
- The government also published a progress statement on the West Midlands Local Industrial Strategy<sup>3</sup> – which was in the first wave of industrial strategies.
- Some consideration is being given to officers developing a similar progress statement to submit to the LEP Board in the near future.
- The government is interested in particular to see each LEP area develop and maintain a strong evidence base – data on economic performance to support delivery.

2.5 After discussion, the working group agreed that:

- Scrutiny needs to be well briefed and involved in development of the industrial strategy as it will constitute a key decision and is eligible for call-in by scrutiny.
- Scrutiny of the local industrial strategy should be deferred until further clarity is provided by the national government and until after the LEP Board has developed the evidence base which will inform the contents of the strategy. This is expected to be by mid-2019.
- Scrutiny is advised to focus on helping to develop what is proposed as being the measure of success – for policy and performance outcomes. This would help scrutiny better judge the performance of the LEP against the industrial strategy in the future.
- Any changes to geography for the LEP as a result of the proposed LEP merger and enlargement would need to be taken into account.

### 3. Background Documents

[Local Industrial Strategies policy prospectus](#): Best practice policy principles for developing a local Industrial Strategy. (1 October 2018)

[West Midlands Local Industrial Strategy](#): progress statement (1 October 2018).

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<sup>2</sup> <https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

<sup>3</sup> <https://www.gov.uk/government/publications/local-industrial-strategy-west-midlands-progress-statement>

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**Report to:** Overview and Scrutiny Committee

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

**Author(s):** Emma Longbottom, Head of Policy and Strategy Coordination

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## 1. Purpose of this report

- 1.1 To update the Overview and Scrutiny Committee on progress to develop a Local Industrial Strategy for Leeds City Region since July 2018.

## 2. Information

### Background

- 2.1 In early 2018, the LEP Board and Combined Authority agreed that work would begin on the development of a Local Industrial Strategy for Leeds City Region. Sitting at the heart of a new, long-term strategic policy framework, the emerging Local Industrial Strategy will focus on bold steps aimed at boosting productivity and driving both inclusive and clean growth living for a post-2030 economy. The Local Industrial Strategy will be completed by December 2019, to be signed off by Government in March 2020.
- 2.2 Guidance in the form of a **policy prospectus on Local Industrial Strategies** was published by Government in early October 2018 (see **Appendix 1**). The guidance highlights that agreeing a Local Industrial Strategy will be a necessary condition for LEPs and 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 existing budgets available to local areas.
- 2.3 The policy prospectus articulates that Local Industrial Strategies 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.
- 2.4 The LEP Board away day in September 2018 helped to shape thinking on the development of the Leeds City Region Local Industrial Strategy. 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 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 Local Industrial Strategy is reflective of all parts of the region.
- 2.6 In addition, Government has set out four grand challenges – Clean Growth, Artificial Intelligence and Data, Future of Mobility and Ageing Society. Local Industrial Strategies will demonstrate how and where areas can contribute to one or more of these global challenges by identifying nationally significant strengths, assets and opportunities.
- 2.7 The Local Industrial Strategy 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.
- 2.8 The [West Midlands](#) and [Greater Manchester](#) Local Industrial Strategies were 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 met with government in June 2019 to further understand the process and any lessons learnt.
- 2.9 Prior to the June 2019 LEP board, 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, however more immediate decisions need to be taken on the Local Industrial Strategy 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.

### Process

- 2.10 Government guidance is clear on the need for Local Industrial Strategies 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 range of stakeholders responded to an initial call for evidence to inform the development of the Local Industrial Strategy evidence base. The call for evidence was distributed across key networks and published on the LEP and Combined Authority websites. Responses have included information regarding inclusive growth, construction skills, innovation and utilisation of work place skills. A second, more focused call for evidence has been launched in June 2019 to ask more specific questions and delve into the foundations of productivity<sup>1</sup>. This is being shared with partners across the LEP geography for input.
- 2.12 Additional work has been undertaken where there is a gap in the existing knowledge base and a more intensive examination of the issues 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.
  - *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 Local Industrial Strategy and working towards a set of indicators in the context. Members of the Inclusive Growth Strategic Support Group were interviewed as part of work and will feed back to the Inclusive Growth Panel.
  - *Clean growth audit* - identify the current clean growth sectors and develop new areas of opportunity.
- 2.13 The initial economic analysis, and associated commissions was completed in June 2019. Further detailed work may follow. The final data report will be

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<sup>1</sup> <https://wh.snapsurveys.com/s.asp?k=155980977122>

produced in summer 2019. An initial **SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis** is provided at **Appendix 2**.

- 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 Local Industrial Strategy. 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 and 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. To reflect the scale and long-term ambition of the Local Industrial Strategy, we will also engage with young people on their views and input into shaping our proposals.
- 2.16 An electronic progress update will be circulated regularly to update LEP Board and Panel members on the process as it develops. Detailed reporting updates will be provided to the Overview and Scrutiny Committee aligning with key milestones (see para 2.18 below) setting out the consultation feedback and emerging policy priorities for feedback on approach and development.
- 2.17 The process to develop the Local Industrial Strategy will be iterative and will evolve throughout the year. Engagement and co-production with Government will be undertaken throughout the development process to ensure that the Local Industrial Strategy 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
  - Innovation workshop with BEIS, CLGU, Innovate UK, Institute for Manufacturing and northern LEPs in June 2019.
  - Workshop with BEIS, CLGU and Yorkshire LEPs in June 2019.
  - 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 Local Industrial Strategy throughout 2019 are set out below:

- Initial call for evidence completed May 2019
- Initial economic evidence report completed June 2019
- Stakeholder engagement to take place June/July 2019
- Second call for evidence June/July 2019
- Final economic evidence report complete August 2019
- Draft policy proposals August 2019
- Consultation and engagement on draft proposals September 2019
- Local Industrial Strategy drafted and tested October/November 2019
- Local Industrial Strategy finalised and submitted to Government December 2019
- Local Industrial Strategy 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 Local Industrial Strategy 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 That the Overview and Scrutiny Committee notes the report and provide any comments.

### **8. Background Documents**

Greater Manchester Local Industrial Strategy  
<https://www.greatermanchester-ca.gov.uk/media/2132/gm-local-industrial-strategy-web.pdf>

West Midlands Local Industrial Strategy

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/802091/west-midlands-local-industrial-strategy-single-page.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/802091/west-midlands-local-industrial-strategy-single-page.pdf)

Leeds City Region Local Industrial Strategy Call for Evidence

<https://wh.snapsurveys.com/s.asp?k=155980977122>

## **9. Appendices**

Appendix 1: Local Industrial Strategy Policy Prospectus

Appendix 2: Leeds City Region Local Industrial Strategy SWOT Analysis