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**Report to:** Place Panel

**Date:** 30 July 2019

**Subject:** **Local Industrial Strategy**

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

- 1.1 To update the Place Panel on progress to develop a Local Industrial Strategy (LIS).

## **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 for a post-2030 economy. This 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 was published by Government in October 2018. This highlighted that agreeing a LIS will be a necessary condition for LEPs to draw down future local growth funding (or Shared Prosperity Funding). It also states that LISs should remain strategic documents and not contain 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. They should also set out the 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 Work is underway to identify key priorities against the five foundations of productivity – People, Place, Infrastructure, Ideas and Business Environment, which will 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.
- 2.7 The [West Midlands](#) and [Greater Manchester](#) LIS's are the first to be published. As trailblazers they have worked with Government closely over the past year to develop their LIS, so the documents offer an insight into the expectations of Government. LEP officers have discussed the process with colleagues from both areas to understand the process and any lessons learnt.

### Process

- 2.8 Government guidance is clear on the need for LISs to be underpinned by robust evidence that draws out relative strengths and weaknesses, with an emphasis on productivity. A strong evidence base is already in existence and is being developed into a full economic analysis, which will support the development of policy priorities.
- 2.9 A broad range of stakeholders responded to an initial call for evidence to inform the development of the LIS evidence base. This included information on inclusive growth, construction skills, innovation and utilisation of workplace skills. A second, more focused [call for evidence](#) was launched in June to ask more specific questions and delve into the foundations of productivity.
- 2.10 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 performance across the region, including analysis of sectors that have significant numbers of low productivity firms.
  - *Understanding innovation in the region*: culture, capacity and potential for innovation across the business base.
  - *Health-tech/digital health audit*: seeks to better understand the nature of health-tech, particularly digital health, beyond the headline facts and figures, identifying areas of distinctive strengths and opportunities across the region.
  - *Inclusive growth*: defining what inclusive growth means in the context of the LIS and building a set of indicators.

- *Clean growth audit*: identify current clean growth sectors and new areas of opportunity.
- 2.11 The initial economic analysis was completed in June 2019. Further detailed work may follow. The final data report will be produced in summer 2019. A presentation on the initial findings to date will be provided at the meeting.
- 2.12 An independent panel has been established to provide expert challenge, advice and critical review of the evidence base and subsequent policy priorities. Panel members are drawn from academia, business, the public sector (including large employers such as the NHS), and the voluntary and community sector. The panel met in May and July, initially to provide feedback regarding the development process and then to consider the framework to be used to shape priorities and associated outcomes, along with the implications for policy development.
- 2.13 In addition, consultation and engagement is taking place with LEP Panels, businesses, universities, local authorities, and community and citizen groups to understand their priorities and the role that the LEP can play in meeting these. This includes District level consultation events through locally based forums, for example with 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.
- 2.14 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.
- 2.15 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

- 2.16 Key milestones for the development of the LIS throughout 2019 are set out below:
- 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 2018-19 and 2019-20 to support development of the evidence base for the LIS. In addition, the LEP has been allocated funding identified in the 'Strengthened Local Enterprise Partnerships' guidance for capacity building.

### **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, health teach and clean growth. Extensive consultations with partners has also commenced (see paragraph 2.13).

### **7. Recommendations**

- 7.1 That the Place Panel notes the content of the report.

### **8. Background Documents**

None

### **9. Appendices**

None