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<b>Report to:</b>	Overview and Scrutiny Committee
<b>Date:</b>	13 September 2019
<b>Subject:</b>	<b>Cover report: Local Industrial Strategy and Policy Framework</b>

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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 and Policy Framework'.

## **2. Information**

- 2.1 This is the second session on the topic of the Local Industrial Strategy. This item will also serve as the first session on the wider Policy Framework which the Local Industrial Strategy – and other key strategies – will ultimately form a part of.
- 2.2 The objectives of this session are:
1. To consider findings of research and analysis conducted by the independent expert panel (chaired by Dr Peter O'Brien).
  2. To consider emerging thoughts and policy implications from the research for the final Local Industrial Strategy (in Appendix 2).
  3. To understand the place that the Local Industrial Strategy occupies in the wider strategic Policy Framework under development, including:
    - update on development of the policy framework since July 2018
    - a draft of the Policy Framework as it stands
  4. To determine an approach to (pre-decision) scrutiny of the development of the Policy Framework following completion of Local Industrial Strategy development
- 2.3 The first session on this topic was held on the 12 July 2019 meeting when the Committee received an update on work undertaken since July 2018. Key highlights from the discussion at that session included:

1. **'Grand challenge' focus:** The LEP has not yet decided which of the four 'grand challenges' (artificial intelligence/data, future mobility, ageing society and clean growth) it will focus on. The government has asked each LEP to choose where to focus. An audit of research and business assets is currently underway to support the LEP Board's decision. Whilst a strong case could be made for all of them, the LEP is currently leaning towards either 'clean growth' or 'ageing society' because:
  - *Clean growth:* the region's existing local energy assets and sector put it in a strong position to realistically achieve its zero carbon targets and position itself as a national leader.
  - *Ageing society:* one of the biggest employers in the region is the health and social sector (est: 250,000 employees) and the region has emerged as a strong performer in the health technology industry which would put it in a strong position to supply the needs of an ageing population nationally.
  
2. **A successful outcome in three years** would include the LEP having:
  - Developed a clear strategy that is approved by the government
  - Received new funds released by the government (even though the government has been clear that the strategy is not a bidding document)
  - Begun investing in interventions to achieve the identified strategic goals
  - Begun to see short term benefits from those interventions
  
3. **Coordination with North Yorkshire LEP:** The Leeds City Region and York, North Yorkshire and East Riding LEPs are currently each developing their own separate local industrial strategies, but have taken into account the potential to create a new LEP covering the whole of Leeds City Region and North Yorkshire by:
  - collaborating on the development of the evidence base,
  - coordinating on mutual areas (such as rural issues)
  - establishing a joint independent expert panel with membership
  - keeping in close touch at officer level
  - collaborating on consultation in the overlapping areas.
  
4. **Next steps** were reported as:
  - Initial economic evidence report completed – June 2019
  - Stakeholder engagement / second call for evidence – July 2019
  - Draft 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. Background Documents**

[Minute 9](#), Overview & Scrutiny Committee meeting (12 July 2019)

[Report \(item 9\): Local Industrial Strategy Development](#) – Overview & Scrutiny Committee, 12 July 2019

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

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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 an integrated policy framework and Local Industrial Strategy (LIS) for the Leeds City Region.

## **2. Information**

### **Integrated Policy Framework**

- 2.1 In January 2018 the LEP Board agreed<sup>1</sup> that the LEP's existing Strategic Economic Plan (SEP) would be replaced with an integrated policy framework, which includes the Local Industrial Strategy. The vision for the policy framework is that it will build on the SEP, and will be an 'agile, long-term strategic framework' aimed at driving growth, boosting productivity and earning power for a post 2030 economy.
- 2.2 In particular, it was agreed that the policy framework needs to provide room for 'bold, long-term planning'. The recommended core principles were:
- a different 'look and feel', providing an agile and 'live' strategic framework, with sections that might form mini strategies in their own right;
  - a focus on tackling the key challenges the City Region faces, such as:
    - Productivity Gap is increasing;
    - Innovation and R&D are very low;
    - Living standards have stalled; and
    - Stubborn deprivation persists

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<sup>1</sup> Minutes – LEP Board, 16 January 2018:

<https://westyorkshire.moderngov.co.uk/ieListDocuments.aspx?CIId=150&MIId=532&Ver=4>

- to reflect the City Region’s expanded policy remit, covering the direct and indirect determinants of citizen experience and inclusive growth, such as how culture and sport contribute to the status and identity of thriving places and prompt diversity of thought, stimulating innovation across communities;
  - to build on our core strengths e.g. our concentration of science, research and innovation assets and our globally-competitive manufacturing sector and vibrant digital-tech sectors, such as medical technologies, Fin-tech and Agri-tech;
  - to guide decision-making over a refocused programme of activity to more clearly drive inclusive growth outcomes; and
  - to place the City Region on the front-foot with an ambitious policy platform that improves competitiveness and ensures the benefits are shared fairly.
- 2.3 It should be noted that since this approval the LEP Board was notified by government that the Leeds City Region Local Industrial Strategy would not be part of an early development wave, therefore the timescales for development shifted.
- 2.4 The diagram in Appendix 1 presents the current draft policy framework for the City Region. It is envisaged that this diagram will become an interactive webpage, which brings to life the range of policies and strategies already in existence and development and shows how they inter-relate.
- 2.5 The development and implementation of the policy framework is in line with that of the Local Industrial Strategy, with the policy framework including the Local Industrial Strategy replacing the SEP from spring 2020.

### **Local Industrial Strategy Development**

- 2.6 As previously reported, a Local Industrial Strategy 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. The Local Industrial Strategy will sit at the heart of the integrated policy framework. The Local Industrial Strategy development will be completed by December 2019, to be signed off by Government in March 2020.
- 2.7 Work has commenced to identify key priorities against the five foundations of productivity – People, Place, Infrastructure, Ideas and Business Environment, which are being further developed and tested over the autumn to ensure that the Local Industrial Strategy is reflective of all parts of the region, maximising the potential of key strategic assets and reflecting the diversity of place.
- 2.8 In addition, Government has set out four Grand Challenges – Clean Growth, Artificial Intelligence and Data, Future of Mobility and Ageing Society. Work is also being undertaken to identify local strengths, assets and opportunities, in order to demonstrate how and where Leeds City Region can contribute to one or more of these global challenges, but no decision has been made as yet.

- 2.9 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, making it a particularly powerful and influential strategy which will have an impact on future decisions about the region, for instance with regards to funding.

### 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. The draft economic analysis is now complete, which will be further developed to support the policy priorities and narrative over the autumn.
- 2.11 As previously reported, work was commissioned where a gap in the existing knowledge base and a more intensive examination of the issues was required to determine areas of distinctiveness across the LEP area. These commissions are now nearing completion and will be published as part of a suite of evidence on the LEP website during September and October. Headline findings from the commissions are provided at Appendix 2.
- 2.12 Over 700 people have attended and taken part in over 40 consultation and engagement activities to date. These meetings and events presented the headlines from the draft economic analysis and provided forums to discuss the implications for the Local Industrial Strategy and possible areas of focus. Consultees have included: LEP Board Panels, businesses, business representative groups such as the Chambers of Commerce and Federation of Small Businesses, universities, local authorities, District level economic and business partnerships sector groups and community and citizen groups.
- 2.13 In addition, two calls for evidence have been completed through the LEP website. A broad range of stakeholders responded to these and provided information to support and further inform the development. The responses to the initial call for evidence provided information regarding inclusive growth, construction skills, innovation and utilisation of work-place skills. The second, which was more focused around the foundations of productivity provided useful insight which has supported the development of the draft priorities.
- 2.14 In order to understand the priorities and needs of individuals within the region an online YourVoice consultation exercise has been undertaken, which closed on 30 August 2019.
- 2.15 Engagement with young people has also commenced to understand their ambitions for the region. To date 45 young people have taken part in two focus groups. Further workshops are taking place in September.
- 2.16 The initial economic analysis and associated commissions have been brought together with the consultation feedback to inform the draft priorities, which will be consulted on during the second phase over September and October.

- 2.17 To provide external rigour to the Local Industrial Strategy development process an independent panel was established to provide expert challenge and advice, and critical review of the evidence base and subsequent policy priorities. The panel met for the second time on 9 July and provided feedback regarding the findings of the external commissions. A final meeting is planned for October to consider the priorities for the Local Industrial Strategy and associated outcomes, along with the implications for policy development.
- 2.18 The process to develop the Local Industrial Strategy will be iterative and will therefore evolve. 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
  - Workshop with CLGU, BEIS and Yorkshire LEPs in June
  - Innovation workshop with BEIS, CLGU, Innovate UK, Institute for Manufacturing and northern LEPs in June
  - Infrastructure workshop with CLGU, DfT and Yorkshire LEPs in September.
  - Individual sessions with relevant departments will be arranged in September once draft priorities have been agreed.

### Key Milestones

- 2.19 Key milestones for the development of the Local Industrial Strategy throughout 2019 are:
- Initial call for evidence completed May
  - Initial economic evidence report complete June
  - Initial stakeholder engagement completed August
  - Second call for evidence completed July
  - Initial economic evidence report published August
  - Draft policy proposals completed August
  - Consultation and engagement on draft proposals September/October
  - LIS drafted and tested October/November (including at the 15 November 2019 scrutiny committee meeting)
  - 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 to support development of the evidence base for the Local Industrial Strategy. In addition, funding identified in the 'Strengthened

Local Enterprise Partnerships' report 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 development of the integrated policy framework and Local Industrial Strategy 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 as outlined in paragraphs 2.12 – 2.18.

#### **7. Recommendations**

7.1 That the Overview and Scrutiny Committee considers the report and provides any comments or recommendations.

#### **8. Background Documents**

None.

#### **9. Appendices**

Appendix 1 – Draft Policy Framework

Appendix 2 – Local Industrial Strategy Research Commissions – Headline Findings