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

Date: 13 June 2018

Subject: **Policy framework and Local Inclusive Industrial Strategy update**

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1 Purpose of this report

1.1 This report provides an update to the LEP Board on:

- The emerging City Region policy framework and associated early draft outcome and impact measures.
- Work to identify how distinctive the Leeds City Region is from an Industrial Strategy perspective, including identifying areas of comparative advantage, such as key sector strengths, assets and growth opportunities.
- Work to further develop the proposed 'big ideas' that could form the basis of the City Region's Local, Inclusive Industrial Strategy, including partner engagement to help shape and test emerging proposals.

1.2 Members of the Board are invited to note the update and comment on progress of the work, in particular the outcome measures presented in the draft impact framework.

2 Information

Context

2.1 As previously reported, work is progressing to replace the Strategic Economic Plan with a broader policy framework and Local, Inclusive Industrial Strategy (Appendix 1), providing a more flexible and agile approach to policy development.

2.2 This begins with the 2035 ambition for Leeds City Region to have a £100bn plus economy, becoming a positive, above average contributor to the UK economy. The policy framework extends across the full spectrum of activity delivered by the LEP / Combined Authority and partners to tackle four key challenges agreed by the LEP Board:

- The City Region's productivity gap with national and international peers is too large and growing.
- Investment, particularly private sector investment in research and development is too low.
- Living standards in the City Region have stalled.
- Stubborn deprivation persists.

Outcomes and Impact Framework

- 2.3 The City Region's new policy framework needs to set out what success looks like to drive productivity and inclusive growth. This will be built around a set of outcomes and measures, which can be used to target and evaluate potential future projects and initiatives.
- 2.4 It is proposed that there will be a small set of headline targets and associated indicators linked to priority policy themes, with a clear focus on delivering inclusive growth. These metrics do not just apply to Combined Authority / LEP programmes, but should be seen as metrics for collective partnership working across the City Region. The draft outcome and impact framework is included in Appendix Two of this report.
- 2.5 The proposed indicators presented in Appendix 2 draw upon the Strategic Economic Plan (2016) Good Growth Framework, and associated strategies and delivery plans for the policy areas (for example, the Employment and Skills Plan, the Innovation Strategy, the Transport Strategy and emerging Energy Strategy).
- 2.6 The metrics represent a first draft and will be subject to ongoing discussion with LEP / Combined Authority key Governance groups and partners to ensure these are the right metrics.
- 2.7 An exercise is underway to determine the baseline position for each headline outcome indicator and to map existing strategies and performance frameworks against the proposed metrics. This will help to address gaps and provide a basis for future projects and initiatives to be reviewed against, ensuring that overarching aims are being addressed. It will be important to ensure that the links between each of the policy areas within the framework are reflected and understood, with a clear overview of the level at which delivery is taking place. The draft baseline indicators for business and workforce policy areas are also included in Appendix 2.

Leeds City Region's distinctiveness

- 2.8 As part of informal discussions with Government, it has become clear that local, industrial strategies need to demonstrate distinctive local economic strengths and should be focused on specific opportunities rather than being catch-all documents in the manner of Strategic Economic Plans.
- 2.9 Building on this steer, work has been developed to understand how distinctive Leeds City Region is from an Industrial Strategy perspective.

Distinctiveness can be considered in a number of ways including:

- Comparative advantage of sectors/ specialisms.
- Local assets and identified strengths/ areas of activity in niche sectors.
- Future plans for sectors.
- Wider place assets/ distinctiveness.

2.10 In terms of locally defined distinctiveness and future priorities, there is a clear opportunity for Leeds City Region in relation to Tech (e.g. medical technologies), and niche manufacturing (e.g. digital manufacturing), which is reflected in the importance for digital tech in the proposed ideas for Leeds City Region's local, inclusive industrial strategy and aligning with national priorities (see below). Further work is underway to progress these opportunities within the Leeds City Region Digital Framework for investment and a collective narrative/ ambition for 'digital' across the whole City Region.

2.11 The Leeds City Region Medtech Science and Innovation Audit sets out the strengths of the sector and provides a framework to apply learning from the sector (including a deeper understanding of innovation active companies behaviours). Further work on strengthening our evidence base including work on distinctive strengths, assets and opportunities will be undertaken in advance of the LEP Board Away Day in September.

Emerging proposals for the Local, Inclusive Industrial Strategy

2.12 While there is no official Government position on the approach that should be taken to local industrial strategies, there is an ambition to position the City Region so that it forms part of the first wave of local industrial strategies agreed by government by March 2019 and shapes the submission to the 2018 Budget.

2.13 Work has progressed to further develop the three concepts which could form the basis of the proposals for the Leeds City Region Local, Inclusive Industrial Strategy:

- Private sector-led productivity revolution.
- Leeds City Region transformed by Digital Tech.
- Inclusive Growth Corridors.

Progress on each of these ideas is set out below.

Private sector-led productivity revolution

2.14 The private sector-led productivity revolution aims to boost productivity and improve living standards. A workshop event was held in March, where proposals for the productivity revolution were discussed by a range of stakeholders including universities, business representatives and local authorities. The proposals were also informed by the BIG Panel (March and May 2018 meetings), and following further analysis, there are also now links to

emerging practical projects and programmes that can potentially boost productivity, namely:

- **Business Productivity Pilot;** pilot activity remove the requirement of businesses to create new jobs (although these would, of course, remain welcome), and instead award grants to businesses that make clear and measurable commitments to improving their productivity following capital investment.
- **Investment Readiness and Economic Resilience programmes:**
 - Tailoring advice and guidance to ensure that businesses are aware of the available range of options and are ready to access finance.
 - Supporting businesses to respond to significant changes to the economy identifying opportunities and mitigating potential risks from events including the impact of Brexit
- **Business Heroes:** Business heroes will be at the core of a private sector-led productivity revolution. Business heroes will be key spokespersons, advocates and ambassadors for business productivity and the City Region, its ambition and future plans. They will also contribute to ensuring messages are prominent at key industry forums and help define the strategic industry imperatives.

2.15 These projects and programmes build on existing programmes which also have a role in boosting the region's productivity, including: strategic business growth programme, manufacturing growth programme, access innovation and resource efficiency fund. Insights from all of these can support development of a more clear and detailed understanding of what productivity actually means to business, how it can be applied to business support programmes and what the best ways are to measure it at both a firm level and a city region. This work is contributing to the broader policy framework outcomes development, which is described in more detail above.

Leeds City Region transformed by Digital Tech

2.16 As previously reported, the Digital Framework is now being progressed alongside work to develop the new Local, Inclusive Industrial Strategy. Although these are separate strands of work with different timescales, the Digital Framework - once established - will contribute significantly to the narrative and objectives of the digital and tech focused Local, Inclusive Industrial Strategy. Activity is structured around five themes, and includes, supporting the Medtech Science and Innovation Audit, digital skills for all and digital infrastructure.

2.17 Since the last Board meeting, a series of small, facilitated pre-consultation workshops took place to test some of the emerging thinking. These followed on from the Local Authority Officers working group and a series of other discussions and presentations. Feedback was positive the proposals are

headed in the right direction and the draft framework has been refined to reflect the comments received.

- 2.18 To ensure as much buy-in and support to this Framework from the people who will be impacted by it, the plan is to launch the online consultation for the Digital Framework using our new Engagement Hub in May, following Chief Executives meeting in late May.
- 2.19 The Industrial Strategy's Strength in Places Fund is expected to be announced in late May. The Leeds City Region Medtech Science and Innovation Audit is likely to form the basis of a bid to the fund building on significant opportunities and networks within this sector for Leeds City Region.

Inclusive Growth Corridors

- 2.20 To maximise the benefits of transformational infrastructure projects such as High Speed 2 (HS2) and Northern Powerhouse Rail, a series of inclusive growth corridor plans for Leeds City Region are being developed. A key objective of these plans is ensure that all communities are able to benefit from the economic growth opportunities these schemes will bring to the City Region. Inclusive Growth Corridors are one of the key strands of the Leeds City Region Connectivity Strategy.
- 2.21 A range of connectivity options for the proposed corridor areas are in the process of being scoped through an options assessment which includes consideration of objectives including:
- Promoting accessibility to the most deprived areas and communities.
 - Improving accessibility to areas of employment.
 - Promoting options that align with planned commercial, industrial and housing growth.
- 2.22 Since the last LEP Board meeting, a series of workshops have been held with District partners and facilitated by Arup Further workshops are planned to review and refine stakeholder feedback, and to roll out the process to the rest of the corridors.

Ongoing engagement

- 2.23 In addition to regular meeting with universities and through the Business Communication Groups, existing groups are being developed to ensure their remit supports work on developing the policy framework and local, inclusive industrial strategy. An existing Heads of Policy group for local authorities is being refreshed with a renewed focus including members from across Leeds City Region on the industrial strategy and policy framework. This will provide a key opportunity for local authority input. The Heads of Policy group will run in parallel with a Heads of Economic Development group ensuring that activities are developing and aligning with activity delivered by local authorities.

3 Financial Implications

3.1 There are no staffing implications in relation to this report.

4 Legal Implications

4.1 There are no staffing implications in relation to this report.

5 Staffing Implications

5.1 There are no staffing implications in relation to this report.

6 External Consultees

6.1 Details of consultation activity included in paragraphs 2.14 - 2.25 above.

7 Recommendations

7.1 Members of the LEP Board are invited to note progress on the development of this local, inclusive industrial strategy and policy framework. Board members are also invited to comment on the proposed themes impact framework attached at Appendix 2.

8 Background Documents

8.1 None.

9 Appendices

Appendix 1: Leeds City Region Policy Framework

Appendix 2: Leeds City Region Impact Framework