
Report to:	Inclusive Growth and Public Policy Panel
Date:	4 December 2018
Subject:	Local Inclusive Industrial Strategy and Leeds City Region Policy Framework

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1. Purpose of this report

- 1.1 To update the Inclusive Growth and Public Policy Panel on the development of a Policy Framework and Local, Inclusive Industrial Strategy (LIIS) for Leeds City Region.

2 Information

Background

- 2.1 In early 2018, the Leeds City Region Enterprise Partnership (the LEP) Board and the Combined Authority agreed that work should begin on the development of a Policy Framework for Leeds City Region. The Policy Framework will be an agile, long-term strategic framework aimed at driving growth, boosting productivity and earning power, for a post-2030 economy. The Policy Framework will provide room for bold, long-term planning with a focus on tackling the key challenges the City Region faces:
- Productivity gap is increasing;
 - Investment in innovation and R&D is very low;
 - Living standards have stalled; and
 - Stubborn deprivation persists.
- 2.2 Inclusive growth is embedded as an enabler of the Policy Framework and will act as a strategic driver for strategies aligned to the Policy Framework¹.

¹The latest version of the Policy Framework is provided in Appendix 1 of this report.

- 2.3 Alongside the Policy Framework, work is ongoing to develop a Local, Inclusive Industrial Strategy (LIIS). The emerging LIIS sits at the heart of the Policy Framework and will be aligned to the national Industrial Strategy².
- 2.4 A draft LIIS prospectus has been produced to summarise the City Region's key strengths and assets and to highlight opportunities for further development. The prospectus identified a number of areas in which existing knowledge and intelligence could be improved. The prospectus considered what the City Region's ambition for inclusive growth could look like and the emerging outcomes that should be considered.

LEP Board Away Day and follow-up activity

- 2.5 The aim of the LEP Board away day was to shape thinking on development of the Leeds City Region's LIIS. Government representatives were invited to attend the event to update on the latest developments nationally and provide input and steer on Leeds City Region's proposed approach.
- 2.6 Further guidance in the form of a policy prospectus on Local Industrial Strategies was published by Government in early October³. The guidance highlights that agreeing a Local Industrial Strategy will be a necessary condition for LEPs and Mayoral Combined Authorities to draw down future local growth funding. The prospectus 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.
- 2.7 Government is co-producing Local Industrial Strategies in a series of 'waves'. Progress statements from the West Midlands and Greater Manchester Combined Authorities (both of which are in Wave One) have been published in recent weeks. Both progress statements considered the ways in which inclusive growth would be embedded within the Local Industrial Strategies⁴.

Autumn Budget and Comprehensive Spending Review

- 2.8 Ahead of the 2018 Autumn Budget, a Leeds City Region response was submitted to Government. The response was framed around the five foundations of the Industrial Strategy⁵ and built upon discussions at the LEP Board away day. In addition to immediate, short-term actions, the Budget submission put forward a set of bold longer-term proposals to drive productivity and inclusive growth.

² This includes the five foundations of productivity - Ideas, People, Business Environment, Infrastructure, and Place and the four Grand Challenges – Artificial Intelligence, Future of Mobility, Ageing Society, Clean Growth.

³ <https://www.gov.uk/government/publications/local-industrial-strategies-policy-prospectus>

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/744556/local-industrial-strategy-west-midlands-progress-statement.pdf see page 10

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752671/bis-local-industrial-strategy-progress-update-greater-manchester.pdf

⁵Ideas, People, Business Environment, Infrastructure, Place.

- 2.9 Planning is underway to shape Leeds City Region's response to the 2019 Comprehensive Spending Review (CSR). This will build upon the approach to development of a LIIS and the budget submission. The submission will set out a clear set of funding asks as well as consideration of issues to support more effective ways of working to enable the City Region to meet its bold ambition for a post-2030 economy.

Building the evidence base

- 2.10 Government guidance is clear on the need for Local Industrial Strategies to be underpinned by robust evidence drawing out relative strengths and weaknesses, with an emphasis on productivity. Leeds City Region has a strong evidence base on which to build. Tools such as the annual Leeds City Region Business Survey and a new Leeds City Region Household Survey will play a key role providing primary data to support policy development.
- 2.11 Additional work will be undertaken where there is a gap in the existing knowledge base and a more intensive examination of the issues is required. This approach will align activity against the five foundations and four Grand Challenges of the national strategy and will support the submission to the CSR on productivity, innovation networks, and supply chains.
- 2.12 Plans are being considered to engage an independent expert panel. The proposed role of the panel will be to provide challenge to the findings of the research studies and support the implementation and promotion of the findings. Proposals are for members of the panel to be drawn from academia, business, the public (including large employers such as the NHS), private, and voluntary and community sector. The panel will complement existing LEP groups and panels by providing an independent view across all areas of the LIIS.
- 2.13 Working alongside the panel will be activity to engage with community and citizen groups to best understand their priorities and the role that the LIIS and wider work of the Combined Authority / LEP can play in meeting these. Reflecting the scale and long-term ambition of the LIIS, we will seek to engage with young people on their views and responses into shaping our proposals potentially through a youth panel.
- 2.14 A progress statement will be prepared to share with stakeholders in March 2019, this will align with plans to shape a submission to the CSR.

3. Financial Implications

- 3.1 In addition to core staff resource to support research and intelligence 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, Inclusive Industrial Strategy. In addition, there is potential to access up to £130,000 which forms part of funding identified in the

'Strengthened Local Enterprise Partnerships' guidance⁶ for capacity building. The additional funding has not been confirmed and will be subject to Government approval.

4. Legal Implications

4.1 There are no legal implications directly arising from this report.

5. Staffing Implications

5.1 LIIS 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, Inclusive Industrial Strategy is anticipated to commence in spring 2019.

7. Recommendations

7.1 That the Panel notes progress made and endorses the proposed way forward on development of the evidence base.

8. Background Documents

8.1 There are no background documents.

9. Appendices

Appendix 1 – Leeds City Region Policy Framework.

⁶ <https://www.gov.uk/government/publications/strengthened-local-enterprise-partnerships> this funding has been identified to provide LEPs with 'additional capacity funding' for development.