

**Open Report on behalf of Richard Wills,  
Executive Director for Environment and Economy**

Report to:	<b>Environment and Economy Scrutiny Committee</b>
Date:	<b>10 July 2018</b>
Subject:	<b>Greater Lincolnshire Local Industrial Strategy</b>

**Summary:**

This paper provides the Environment and Economy Scrutiny Committee with a progress report on Greater Lincolnshire LEP's production of a Local Industrial Strategy (LIS) relating to the paper presented at the Environment and Economy Scrutiny Committee on 16th January 2018. It explains that the government have asked all Local Enterprise Partnerships to produce a local industrial strategy, and it sets out the steps that the Greater Lincolnshire LEP have taken so far in producing that strategy. As a founding partner of the LEP it is recommended that LCC plays a strong role in supporting the LEP's production of the Local Industrial Strategy.

**Actions Required:**

Members of the Environment and Economy Scrutiny Committee are invited to:

1. Consider and comment on the content and direction of the Local Industrial Strategy with particular focus on the emerging priorities as set out in paragraph 10 sections A to E.
2. Identify any new areas of economic activity or developments that the LIS should take account of.

## **1. Background**

### **What is the Industrial Strategy and what is it trying to resolve?**

1. Fundamentally, the Industrial Strategy White Paper sets out a strategy that is aiming to address issues affecting low productivity and regional disparities to create growth and improve living standards across the country. Rebalancing the economy is a central theme, as Theresa May highlights in the introduction "for me it is not enough to see growth in the national economy if your local economy is shrinking."

## How is the Industrial Strategy seeking to address the UK's productivity gap?

2. The White Paper identifies five foundations of productivity as the “essential attributes of every successful economy.”
  - **Places:** focusses on reducing UK economic disparity and supporting all places to realise their potential. The role of Local Enterprise Partnerships, drawing together Local Authorities, Business and other local leaders, is a significant focus.
  - **Ideas (innovation):** focusses on increasing investment in R&D, boosting the ‘D’ research translation and improving linkages into local economies, strengths & clusters.
  - **People (skills):** focusses on improving the quality of technical education, the shortage of STEM skills, entrenched regional disparities in education and skill levels and ensuring that people (throughout their working lives) are not left behind by technological change.
  - **Infrastructure:** focusses on making investments more geographically balanced and becoming more forward looking in terms of significant global economic trends.
  - **Business Environment:** focusses on spreading best practice of the most productive businesses, access to finance, increasing exports, management and leadership skills.
  
3. The White Paper also proposes four Grand Challenges - developments in technology that are set to transform industries and societies around the world, and in which the UK is in a position to seek competitive advantage. These are:
  - a. **Artificial intelligence and big data:** e.g. the AI Sector Deal, an AI Council to support rapid adoption of AI technologies at scale, working initially in 6 sectors: cybersecurity, life sciences, construction, manufacturing, energy, agricultural technology.
  - b. **Clean growth:** e.g. low carbon technologies, transforming construction techniques to improve efficiency, improving efficiency of energy intensive industries.
  - c. **The future of mobility (public and private transport systems):** e.g. new modes of transport and business models, zero emission vehicles, self-driving technology.
  - d. **Meeting the needs of an ageing society:** e.g. supporting care providers to adapt business models to changing demands and develop new models of care, supporting new products and services for the growing global population of older people.

## Developing a Local Industrial Strategy

4. Local Industrial Strategies (LIS), to be developed in partnership with Government, are intended to help identify priorities to improve skills, increase innovation and enhance infrastructure and business growth. Eventually it is expected that they will guide the use of local and national funding streams such as the UK Shared Prosperity Fund, which will replace EU Structural Funds.

5. The White Paper sketches out a phased approach to LIS's with the first set to be agreed by March 2019. They are initially working with the Greater Manchester Combined Authority, the West Midlands Combined Authority and the Oxfordshire – in relation to the Oxford – Cambridge Corridor. In our ongoing discussions with Government Officials they remain interested in new locally led approaches to address the challenges of productivity and growth.
6. We have recently written to Greg Clark to update on our progress and state our ambition to be one of the next areas to work with the Government on a Local Industrial Strategy. A meeting is currently being scheduled with the Minister of State in BEIS, Claire Perry MP.

**How does a LIS fit against the Strategic Economic Plan and other ongoing strategies and delivery plans?**

7. The overall aim of the LIS is to future proof the economy and boost productivity by addressing the long tail of underperformance which has led to significant regional disparity. Clearly this means that there will be a significant degree of overlap with existing strategies and delivery plans – not least the GLLEP's Strategic Economic Plan.
8. It is therefore important that the LIS complements and engages with these activities while identifying targeted areas of focus where it can add value. Specifically, the LIS should:
  - Align with national Industrial Strategy - in terms of the above aim but also making use of the hooks provided by the 5 foundations of productivity and the Grand Challenges.
  - Identify local strengths and challenges, future opportunities and the action needed to boost productivity, earning power and competitiveness.
  - Focus on improving living standards as well as economic growth. It is not just about more jobs but more good quality jobs and better pay.
  - Be based on clear rationale for intervention – tightly targeted around specific problem that needs to be solved with clarity around why intervention will make a difference.
  - Take account of how the economy is evolving – e.g. identify how global trends – such as technological change, Brexit, globalisation and demographic change – are impacting on the local economy.
  - Identify new ways of working – potentially across sectors, actors, organisations and boundaries.
  - Take a partnership approach to identify what can be driven by businesses and local actors alongside national government support.
  - Be experimental (and build in effective measurement so that we know what works) – we are seeking to find new ways of promoting investment and boosting growth particularly in the context of a dispersed economy like Greater Lincolnshire.
  - Have a long-term focus.

## A LIS for Greater Lincolnshire

9. In Greater Lincolnshire we have been undertaking a number of activities to prepare for the development of a Local Industrial Strategy including:

- A research programme which has initially focussed on three main areas:
  - productivity at a macro level considering the varying productivity challenges that our sectors face;
  - assessing the potential impact of Brexit on our priority sectors factoring in various types of Brexit deal; and
  - a refreshed sector analysis to help us understand our business and employment make-up at a micro level including concentrations, specialisations and supply linkages.
- Discussions with key Council Committees and groups including Lead Economic Development Councillors, Leaders and Chief Executives and LEP Officers groups as well as Environment and Economy Scrutiny Committee
- A Strategy Day with LEP Board in December where we started to identify areas of competitive advantage that a LIS could focus on.
- We are one of the areas that the What Works Centre for Local Growth have selected to provide support to help develop a Local Industrial Strategy.
- A series of MP led Roundtable discussions with business on the Industrial Strategy in each of the Greater Lincolnshire constituencies.
- Discussions with other groups such as:
  - Federation of Small Businesses
  - Chamber of Commerce
  - Voluntary and Community Sector
  - Transport, Energy and Infrastructure Commissioners

10. Through these activities we are starting to define the following areas of focus:

- a. Food processing productivity:** Productivity increases in the food processing sector, automation and robotics.
- b. National Centre for Rural Health:** Linking with the Ageing Society Grand Challenge, the Centre is seeking to support the development of a cluster of businesses with expertise in the development of technological and service innovation around rural health and care.
- c. Future skills needs:** Building on the opportunity of our involvement in the Skills Advisory Panel and Career Learning Pilots we would like to develop an approach that builds the partnership between providers, businesses and the LEP to improve our capacity to plan for and deliver against future skills needs and test the impact of greater local control.
- d. Test bed area for rural energy solutions:** Linking to the Clean Growth Grand Challenge, we would like to work with the University to develop the SMART GRID Energy supply (farmers with renewable generation, waste conversion sites) and demand market (EV / Batteries and existing large energy users).
- e. Future proofing our sectors through digitalisation:** This could focus on supporting Lincolnshire companies to improve their digital capabilities in order to stay competitive.

## 2. Conclusion

This is an opportunity to further engagement with the development of the Local Industrial Strategy, ensuring that the Strategy effectively responds to local priorities.

## 3. Consultation

### a) Have Risks and Impact Analysis been carried out?

No

### b) Risks and Impact Analysis

N/A

## 4. Background Papers

Document title	Where the document can be viewed
Industrial Strategy White Paper	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664572/industrial-strategy-white-paper-print-ready-version.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664572/industrial-strategy-white-paper-print-ready-version.pdf</a>

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