

Enterprise M3 Board

30 November 2017

Industrial Strategy Briefing (tabled paper)

Enterprise M3 Board is asked to:

NOTE the summary of key points from the Industrial Strategy White Paper (27 November), the role of LEPs in the development of Local Industrial Strategies and synergy with the work to update our Strategic Economic Plan.

1. Background

1.1 The Government published its Industrial Strategy White Paper on 27 November. This sets out a new approach to how government and businesses can work together to increase the productivity of our economy, position the UK as a leader in the global technological revolution, and create shared prosperity for all communities. A link to the full report is below:

<https://www.gov.uk/government/publications/industrial-strategy-building-a-britain-fit-for-the-future>.

1.2 Several board members and staff (Mike Short, Dave Axaam, James Cretney, Kathy Slack, Rachel Barker and Jude Robinson) have been engaged with government officials recently at a number of meetings and this paper reflects early thoughts on how the strategy will be taken forward.

2. Key points to note

- The white paper identifies 5 foundations of growth and describes a set of headline policy interventions for each: **ideas; people; infrastructure; business environment and places**.
- It also highlights 4 'Grand Challenges' – areas where the UK has the potential to lead the global technological revolution: **artificial intelligence and big data; clean growth; the future of mobility and meeting the needs of an ageing society**

2.1 Government is taking a joined up and cross departmental approach to the strategy and is creating an Industrial Strategy Council to oversee progress against key objectives and success measures.

3. Local Industrial Strategies and the role of LEP

3.1 There is an expectation that local areas will develop local industrial strategies (LIS) which will be agreed by Government and be in place by March 2019, although it is expected that some LEPs will want to produce their LIS early. LEPs and Combined Authorities will have a lead role in developing and agreeing these. This is seen as a strong vote of confidence in LEPs but recognition that LEPs are made up of LAs, HE and FE representatives and other bodies as well as business leaders. There will be a strong focus on place and local leadership. Although local industrial strategies are not bidding documents, we are getting the sense that there will be a strong 'deal based' approach and they must lead to delivery.

3.2 The Prime Minister will chair a biannual 'Council of Local Enterprise Partnership Chairs'. This will provide an opportunity for LEP leaders to inform national policy decisions. Business engagement

is seen as critical and LEPs will be expected to demonstrate this through business engagement, proactive engagement with business and by the strength of private sector board members.

- 3.3 Government is reviewing the roles & responsibilities of LEPs and will bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries and will work with LEPs to set out a more clearly defined set of activities and objectives in early 2018. Government will also agree and implement appropriate structures for holding LEPs to account and review overlapping geographies.
- 3.4 There is also recognition that in order to deliver their role effectively, LEPs need financial support. Additional financial resources will be made available to LEPs that demonstrate high levels of ambition. In order to demonstrate this LEPs will need to show that they meet certain criteria. This will include: meeting assurance standards; addressing any geographical overlaps (where services to business overlap in particular) ; delivering outputs; demonstrating strong local leadership and business engagement.

4. Links to our SEP update

- 4.1 It is very encouraging that many of the themes in the White Paper have been identified and are being taken forward through our work to update the SEP. We are intending to brand it as a Local Industrial Strategy and there may be opportunities for us to act as a 'trailblazer' as we are already well advanced in the process. However this will require us to firm up our priorities and in particular develop the transformational programmes that will make up our deal. Key areas of synergy in particular are:
 - **Global competition and key sectors** – support for our key sectors to expand and become more productive by better sharing of intelligence and development of a cohesive Key Account Management function. Sector deals at both a national and more local level are encouraged and LEPs are advised to focus on 1-2 areas where they feel real progress can be made.
 - **Science and Technology** – taking forward the 5 recommendations of the Science and Innovation audit (SIA.) Also to note the White Paper has announced a new competitive £115m Strength in Places Fund to support areas in implementing SIA – Innovation South actions.
 - **R&D** – working with universities and accelerator partners to develop our local enterprise and innovation infrastructure and exploiting our existing strengths, for example in 5G. There is a particular emphasis on commercialisation of ideas and greater private sector investment.
 - **Business support** – continuing to develop and roll out the Growth Hub and Scale Up programme. Government has confirmed further funding for Growth Hubs but has not yet indicated amounts nor timing. It is likely Growth Hubs will be asked to deliver a small number of additional roles to ensure greater consistency across the Growth Hub network.
 - **Skills development** – working with universities, colleges, training providers and businesses to invest in skills infrastructure and support further development of high tech and digital skills to meet employers current and future needs. Government have stated that they will be establishing Skills Advisory Panels which will be integrated into LEPs. There will be a particular emphasis on the skills analysis that feeds into local industrial strategies. Skill Advisory Panels are expected to produce rigorous analysis to inform skills requirements.

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29 November 2017