

Enterprise M3 Board

25 January 2018

Industrial Strategy Update – Item 10

Enterprise M3 Board is asked to:

NOTE the work undertaken to date and the intended approach to the next stage of development of our Local Industrial Strategy

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 The White Paper confirms that local areas will be asked to develop Local Industrial Strategies to support the development of places and to align with the national strategy. In areas that do not have a Combined Authority, LEPs have been tasked with producing these strategies. Government has emphasised the critical and continuing role of LEPs and this firmly establishes EM3 LEP at the heart of identifying actions needed to boost productivity, earning power and competitiveness in the local economy.
- 1.3 It is anticipated that areas will have Local Industrial Strategies in place by March 2019. However, it is also apparent that the Government wishes to develop Local Industrial Strategies as deals, and that not all places will get a deal at the same time. It is therefore very important for us to swiftly develop a Local Industrial Strategy and engage Government on this.
- 1.4 This is especially true given that the experience of the last few years has been that deal processes with Government tend to favour those places that are nearest the front of the queue, with later deals often being watered-down or ‘template’ versions of earlier deals.
- 1.5 With the publication of the White Paper, we are now in a position to take stock of what we know are important drivers for the EM3 economy and look at how our work to date links to the Government’s Industrial Strategy. Although there are some differences in how the main concepts are organised, we are covering much of the same ground in terms of our priorities compared to the national Strategy. This puts us in a strong position to take this work forward and ensure that our LIS is aligned with the national Industrial Strategy.

2. Work to date

2.1 Prior to the publication of the White Paper, we issued a consultation paper on our emerging Local Industrial Strategy, to test a set of priorities that had been identified and developed through discussions with the Board, Action Groups and other stakeholders. This shared a set of questions with stakeholders regarding the detail of the five priorities. We have had a positive response from partners with 24 detailed written responses. An update will be placed on our website but key points were:

- Overall the responses have welcomed the strategic approach proposed by the Enterprise M3 LEP and they felt that the priorities identified address well the challenges faced in their area or by their organisation. Particularly, many commented that the longer-term approach to 2030 was welcomed and that it would contribute to future-proofing growth in the area.
- Some respondents commented that they felt the strategy was well aligned with national government policy and the new industrial strategy. Others urged a review of the priorities to consider how they were aligned with emerging national policy in particular the anticipated emphasis on the local drivers of productivity and how the proposed priorities and actions will help promote them.
- One overarching comment raised by several respondents was the lack of reference to climate change and reducing the UK's carbon emissions. The respondents emphasised that environmental assets which make up our natural capital provide opportunities for local businesses and that there is a need to take advantage of our natural capital and protect and enhance it. The Industrial Strategy makes it clear that decarbonisation and the energy transition we need to make an affordable, low carbon future is enormously challenging, yet offers huge opportunities for UK industry to develop innovative new products and services. It is recommended that the priorities are reviewed in light of these comments and the implications of climate change imbedded throughout the strategy. Our work to develop an Energy Strategy will support this activity.

3. Proposed activity going forward

3.1 We now need to move swiftly to engage with Government. Given our initial reading of the White Paper, we are recommending that our LIS should:

- Align with the national Industrial Strategy and other Government policy
- Set out a series of key actions and investments – We plan to seek expressions of interests from partners for the development of an impressive and impactful pipeline of major projects.
- Develop a compelling economic proposition that sits behind this pipeline. This would be the EM3 equivalent of the case for investment in the Northern Powerhouse or Midlands Engine. It would need to make the case as to why investment in one or two major and connected projects in EM3 would achieve critical economic benefits for the UK as a whole.
- Be ambitious and offer Government an appealing deal – we need to be clear about the size of the prize and construct a compelling offer in the form of a deal framework to present to government, that is able to mobilise a coalition of the willing around an ambition.
- Be as quantitative as possible to provide a credible evidence base for any future deal

- 3.2 We are intending to write to Government responding to the Industrial Strategy and signaling our intent to produce a LIS over the course of the coming year.
- 3.3 It is our intention to continue to work with partners to shape this ambition we have for our place and we are continuing discussions in the Spring to further develop the priorities and in particular start to shape our key actions and investments.
- 3.4 To progress the LIS, we are proposing to produce the 'Executive Summary' for the Local Industrial Strategy - effectively a short summary of the key points we anticipate being in the final document. This executive summary will:
- Set an ambitious vision for growth and productivity in the area.
 - Outline the actions and investments needed to achieve the vision.
 - Articulate the potential productivity / growth uplift which could be achieved if the actions and priorities identified as important for the area, are followed through. This will be a crucial element for a future deal with Government.
 - Produce a clear line of sight to new funding streams.
- 3.5 This work is designed to do several things:
- Allow us to discuss and agree the vision and main priorities for the LEP
 - Identify where greater evidence is needed to bolster the priorities
 - Provide a basis for discussions with stakeholders as part of the consultation events
 - Provide a basis for the Board and partners to start considering what a LIS deal with Government could consist of
- 3.6 To oversee this important work we are proposing to repurpose the SEP Steering Group to become the Industrial Strategy Steering Group. We will refresh the terms of reference and membership.

Jude Robinson
Head of Strategy & Policy
17th January 2018