



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

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**Process to develop a Local Industrial Strategy for Lancashire and the role of the Business Support Management Board
(Appendices A & B refer)**

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Executive Summary

This committee has considered the requirement placed on LEPs to develop a Local Industrial Strategy at previous meetings, agreeing that it was key that local businesses and their representative organisations played a strong role in developing these key documents. This report provides an update on the initiation of the process to develop a Local Industrial Strategy in Lancashire and updates the Business Support Management Board (BSMB) on progress with the trailblazer development in Greater Manchester and the West Midlands.

Recommendation

The Business Support Management Board are recommended to:-

- a) Note the information presented
- b) Propose how and at which stages they would want to engage with the Local Industrial Strategy development process in Lancashire.
- c) Reflect on what elements of Greater Manchester's research are transferrable and consider which we should seek to emulate in Lancashire.

a) Background and Advice

- 1.1 Since the report on Local Industrial Strategies (LIS) at the last meeting of the Business Support Management Board (BSMB), the Local Enterprise Partnership has formally commissioned Steer Economic Development to provide consultancy support to drive forward a programme of work that will frame and populate a LIS in Lancashire. In addition, via the Economic and Social Research Council, the LEP has received a small, locally matched grant



to commission research support via Lancaster University.

1.2 The plan for this work (attached at Appendix A to this report) has three phases:-

- **Developing the Evidence Base:** analyses of trends/drivers of change, to build a forward-facing, resilient strategy that is 'reality-checked'/signed-off by stakeholders prior to strategy development, prioritisation and development of propositions. This element of the work will ideally be completed **by the end of March 2019**, with a key challenge in its achievement being to gather and review an already extensive business base within, and across, the County, together with pipeline projects which are ready to go should funding become available;
- **Developing Strategic Priorities:** informed by the calibrated Evidence Base, drawing in private, public, and voluntary sectors to identify priorities and options, and build consensus on way forwards; and
- **Action Plan:** developing investable propositions (including but not limited to pipeline projects which are ready to go should funding become available) to deliver the agreed strategic intent. This phase, together with the preceding strategic priorities phase will ideally be completed **by the end of Summer 2019**.

1.3 The process will require effective stakeholder engagement underpinned by a '**co-production**' approach. Subject to discussion, Steer propose local Theme/Project leads be identified. They will work with these Leads to utilise local networks and partnerships, to develop propositions socialise findings and recommendations among key stakeholders. They suggest that the work be shaped by a series of questions based on What Works Centre guidance on LIS development:

- What is the state of the local economy?
- How is the economy evolving?
- What are the supply/demand-side drivers and constraints?
- Is there evidence of market/state failure at the local level?
- What do evaluations tell us about 'what works' in areas of market/state failure?
- How do we target policy responses to greatest effect?
- How do we determine which interventions to make?
- How do we determine the level of experimentation in our policies, programmes, and projects?
- How do we ensure benefits are realised?

1.3 Key consultation points for each phase of strategy consultation are identified within the project initiation document. These are:-

- SWOT consultation workshop & steering group/client meeting (early April)



- Strategic Framework consultation workshop and steering group/client meeting (mid May)
- Presentation of Strategic Framework (early June)
- Action Plan consultation (early July)
- Presentation to LEP (September 2019)

1.4 BSMB are recommended to note this update and determine how they can best support this process.

2. Progress with Trailblazer Local Industrial Strategies

2.1 We are now nearing the point at which the trailblazer LIS areas will be publishing their strategies. Pilots in Greater Manchester, the West Midlands and Oxford / Cambridge have been working for the last year to develop an evidence base and produce their first LIS.

2.2 Greater Manchester took this opportunity to initiate a process similar to the Manchester Independent Economic Review (MIER) which had taken place some ten years earlier. This new work, The Greater Manchester Independent Prosperity Review (copy attached at Appendix B) was led by a panel of six independent economists who commissioned work in four areas:-

- Analysis of productivity, taking a deep-dive into labour productivity performance across Greater Manchester (GM), including a granular analysis of the 'long tail' of low-productivity firms and low pay;

This work has highlighted:-

- a weakening position in terms of GM's performance compared to the UK
- a need to raise economic participation rates and link to health
- a need to be engaged in high productivity sectors
- the relationship between low pay and productivity - whilst not determined to be causal, they highlight the key role of technology to drive up productivity, skills and wages in sectors like retail and social care.

- Analysis of education and skills transitions, reviewing the role of the entire education and skills system and how individuals pass through key transitions;

This work has highlighted:-

- 'Human capital factors', largely comprising education and skills alongside health, are among the most powerful explanations of lower productivity in Greater Manchester. Econometric analysis for this Review finds a link between the proportion of the population with at least level 4 qualifications and productivity;

meanwhile, halving the proportion of residents with no qualifications could lift productivity by as much as 2%.

- Exploration of the city region's innovation ecosystems, national and international supply chains and trade linkages; and sources of global competitiveness, building on the 2016 Science and Innovation Audit; highlighting that -
 - Health innovation is a particular strength in Greater Manchester, with the potential to be globally competitive. This includes scientific research and development, in particular natural sciences, molecular diagnostics, and biotechnology / bioinformatics sciences, where GVA per worker is almost three times the national average.
 - Other high productivity sectors which, if not nationally unique, are strengths which should be built on are:

Manufacturing. The manufacture of paper, paperboard and related products delivers over three times the national average level of productivity, and in advanced textiles (including spinning, weaving, finishing and specialist products), it is twice the national average.

Digital and creative Industries. There are strengths in broadcasting, with almost three times the national average productivity, but also in software, digital telecoms, and e-commerce; and Greater Manchester is an emerging hotspot for public agencies and companies specialising in cyber security.

Professional services. In particular, shared services, human resources, office services such as translation, and the activities of membership and representative organisations – around twice the national average level of productivity is presented in these sub-sectors.

- Work to review the infrastructure needs of Greater Manchester for raising productivity, including the potential for new approaches to unlock additional investment.

2.3 BSMB is asked to note this progress and the imminent release of the Local Industrial Strategies for the trailblazers. Whilst resource and government input will inevitably be more limited in Lancashire, BSMB should reflect on what elements of Greater Manchester's research are transferrable and which we should seek to emulate in Lancashire.



List of Background Papers

None

Reason for inclusion in Part II, if appropriate

N/A