

18 June 2019

Company Number 11177145

Industrial Strategy Update

Purpose

For discussion and direction.

Summary

This paper provides an overview of the national developments and LGA activity relating to the key place-based elements of the Industrial Strategy over the current board cycle. It then invites members to comment on the proposed next steps for the LGA's engagement on the Industrial Strategy.

Recommendations

Members of the People and Places Board are invited to:

Note the national developments and LGA activity delivered over the current board cycle in relation to:

1. The Government's Review of Local Enterprise Partnerships (**paras 2-5**)
2. Local industrial strategies (**paras 6-11**)
3. The UK Shared Prosperity Fund (**paras 12-14**).

Comment on the proposed next steps for engagement on the Industrial Strategy (**paras 15-16**).

Action

Officers to proceed with next steps in line with Members' steer.

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Industrial Strategy Update

Overview

1. This paper provides an overview of national developments and LGA activity relating to the key place-based elements of the Industrial Strategy over the current board cycle. It then invites members to consider proposed next steps for the LGA's engagement on the Industrial Strategy.

The Government's Review of Local Enterprise Partnerships (LEPs)

2. In the Industrial Strategy, the Government announced it would be 'reviewing the roles and responsibilities of LEPs and will bring forward reforms to leadership, governance, accountability, financial reporting and geographical boundaries.' The LGA engaged extensively with the LEP review, the conclusions of which were published in the 'Strengthened Local Enterprise Partnerships' policy paper in July 2018.¹
3. A recent publication from the National Audit Office detailed the progress that had been made with implementing LEP reforms.² Headline findings included:
 - 3.1. MHCLG has implemented the recommendations made by Mary Ney's review into LEP governance, addressing the outstanding recommendations through the reissued National Local Growth Assurance Framework, which set out the new minimum standards for LEP governance and transparency.
 - 3.2. As of March 2019, MHCLG reported that of the 20 LEPs with overlapping boundaries, 11 have realigned their boundaries. For the nine remaining LEPs, the Department says the situation is more challenging and it has been more difficult to resolve these issues locally.
 - 3.3. MHCLG does not understand individual LEPs' capacity to carry out their work or meet the new governance standards. The Department has now commissioned research to assess the capability of all LEPs to deliver their local industrial strategies, with the results available in June 2019.
 - 3.4. MHCLG assesses LEPs' compliance with governance standards but acknowledges that the risk of individual LEPs failing remains.
4. Since the publication of the findings of the LEP review, the LGA has continued to respond to national developments relating to the review and recently submitted evidence to the Public Accounts Committee's inquiry into LEP progress.³ In this submission, we argued that further action from Government was required to:

¹ [Strengthened Local Enterprise Partnerships](#) (July 2018)

² [Local Enterprise Partnerships: an update on progress](#) (May 2019)

³ [PAC LEP progress review inquiry – Local Government Association – written evidence](#) (May 2019)

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- 4.1. Ensure robust local accountability arrangements are in place across the country
 - 4.2. Simplify collaboration across institutional boundaries
 - 4.3. Deliver sustainable resourcing for local economic development
 - 4.4. Provide urgent clarity on key areas of local growth policy, including the design of the UK Shared Prosperity Fund, support for local industrial strategies and the Government's approach to devolution.
5. The LGA has continued to raise these issues on behalf of the sector through our wider lobbying work on local growth and we will continue to respond to further national developments arising from the LEP Review as appropriate over the coming board cycle.

Local industrial strategies

6. The key place-based announcement contained in the Industrial Strategy was the introduction of local industrial strategies. The Industrial Strategy outlined that places in England with a Mayoral Combined Authority will have a local industrial strategy (LIS) led by the mayor and supported by LEPs. For parts of the country without a mayor, the development of the LIS will be led by the LEP.
7. In October 2018, the Government published a LIS policy prospectus along with progress statements relating to LIS development in Greater Manchester and the West Midlands. In May 2019, the first trailblazer LIS for the West Midlands was published and further trailblazer strategies are due to be published shortly.⁴
8. In response to the introduction of local industrial strategies, the LGA commissioned a comprehensive support offer to councils looking to instigate or further their engagement with LIS development. Further resource provided by the Department for Business, Energy and Industrial Strategy allowed us to commission two parallel strands of support.
9. The aims of the two distinctive strands support, and the activity delivered through them, are outlined below:
- 9.1. Exploring the key stages of LIS development, drawing on expert insights to raise awareness amongst councils and LEPs. Metro Dynamics were appointed to deliver this strand of the improvement offer, with activity delivered including:
 - 9.1.1. Three fully-booked masterclass events focused on: developing a place narrative, inclusive growth and business engagement

⁴ [West Midlands Local Industrial Strategy](#) (May 2019)

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- 9.1.2. Production of an online masterclass with video content focused on developing a productivity evidence base for a LIS
 - 9.1.3. Production of a final report capturing key learning points from across the masterclasses. This report is available as **Appendix A**.
- 9.2. Understanding and highlighting the role of councils in the development of a LIS and facilitating peer-to-peer learning within the sector. Shared Intelligence were appointed to deliver this strand of the improvement offer, with activity delivered including:
- 9.2.1. Extensive engagement with local and national stakeholders to develop an understanding of the role of councils in LIS development. This has ranged from one-to-one interviews with elected members to a national stakeholder roundtable with representatives from key partners including the FSB, CBI, NHS Confederation and the LEP Network.
 - 9.2.2. Delivery of action learning sets to share learning between council officers working on a LIS in Wave 2 and 3 areas.
 - 9.2.3. Production of a final report capturing learning from this activity that seeks to articulate: why councils should engage with a LIS, the roles that they can play in LIS development and the practical steps that councils can take to effectively engage. The draft report is available as **Appendix B**.
10. Through both strands of this offer, we have identified a number of issues impacting on the extent to which councils are both engaging with the development of local industrial strategies and seeing this process as a priority. Key issues include:
- 10.1. There is a continued lack of understanding about precisely what a LIS is intended to achieve and the Government's LIS prospectus did not provide the degree of clarity that many local authority stakeholders were looking for.
 - 10.2. In some areas, the LIS development process is being carried out in isolation rather than as part of a 'family of strategies' that builds on existing local work and priorities.
 - 10.3. The quality of engagement in the LIS process depends in many cases on the quality of the wider relationship between councils and the LEP, which varies across the country.
 - 10.4. The ability of councils to influence decision-making at the LEP board level is mixed and at further risk following national proposals relating to LEP board composition.
11. The learning outputs from this offer will seek to focus on how some of these issues can be overcome through highlighting best practice case studies and providing practical

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proposals for strengthening local engagement.⁵ These findings have also informed the proposed next steps for the LGA's engagement on the Industrial Strategy outlined later in this paper.

The UK Shared Prosperity Fund

12. The LGA has constantly made the case for the UK Shared Prosperity Fund (UKSPF) to be a localised, place based fund that works effectively with other growth funding to deliver locally determined outcomes. It should also be at least equal to current EU funding.
13. Despite the continued absence of the Government's consultation on the UKSPF, during the current board cycle the LGA has continued to actively push our agreed policy lines with Government through a range of forums, including:
 - 13.1. EU Exit Local Government Delivery Board
 - 13.2. Parliamentary questions from the LGA Chairman
 - 13.3. [Moving the Conversation On: Brexit Paper](#) at the LGA Conference
 - 13.4. Our [response](#) to the APPG on Post Brexit Funding
 - 13.5. UKSPF pre-consultation round tables with a variety of local councils and combined authorities making the case for a localised replacement fund
 - 13.6. Press releases relating to [UKSPF](#) and the problematic approaches by [central government in managing EU funding](#).
14. With the design of the new domestic fund, there is scope to make councils and combined authorities a leading decision maker on how the fund is spent to ensure that it is a localised, place based fund. The LGA will continue to highlight to government the benefits of this in our lobbying work and through the formal consultation as and when it is published.

Proposed next steps

15. With consideration to these national developments and related LGA activity over the current board cycle, the proposed next steps for the LGA's engagement on the Industrial Strategy are:
 - 15.1. Writing to the BEIS Secretary of State outlining the positive contribution that councils are making to local industrial strategies and the issues that risk preventing successful delivery of these strategies. A draft of this letter is available as [Appendix C](#) and members are invited to comment on both the content and the timing of this letter.

⁵ Resources will be available at www.local.gov.uk/localindustrialstrategies and members will be notified when the online hub is launched in June.

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- 15.2. Expanding our improvement support work to focus on emerging policy priorities and issues identified through our local industrial strategy support offer, including activity to strengthen council-LEP collaboration and bespoke support to councils that are seeking to further their work on inclusive growth.
 - 15.3. Continuing to pursue LGA priorities relating to the Industrial Strategy through our policy and public affairs activity, including national LEP reforms and the design of the UK Shared Prosperity Fund.
- 16. Members of the People and Places Board are invited to comment on the proposed next steps for the Board's engagement on the Industrial Strategy.**