

**Chief Executives' Group – North Yorkshire and York  
2 November 2017  
LEP update**

**1 Purpose of the Report**

The focus of this report is;

- The development of the Local Industrial Strategy
- The emerging Energy Strategy

**2 Industrial strategy**

2.1 Following the green paper consultation in early 2017, a government white paper on the Industrial Strategy is anticipated alongside the Autumn Statement.

2.2 All indications are that local and place will continue to play a prominent part in the Local Industrial Strategy and that LEPs/Combined Authorities will be the preferred geography for Local Industrial Strategies to be developed.

2.3 This paper sets out the LEPs approach to developing the Local Industrial Strategy and some of the key challenges we need to understand.

2.4 The Local Industrial Strategy will be a refreshed and enhanced Strategic Economic Plan taking longer term view to c.2030. The underlying principles will be

- **Ambition** – we need to scope an ambitious vision for the future of our area, its businesses, people and communities.
- **Forward thinking** – we need to look to the future, and anticipate fundamental change
- **Focus** – we need to effectively prioritise
- **Enabling** – this is not about command and control, it is about establishing a framework that allows institutions and businesses to contribute their perspective and play to their strengths
- **Buy in** – we will refresh the Strategy by hosting a *conversation* about our strategic future, which really effectively engages all our stakeholders.

2.5 We anticipate significant, fundamental and transformational changes to the context for our work. These include: Technology, Climate change (and related policy drivers), and Brexit.

2.6 **Think Pieces** –To support this process we are commissioning think pieces from Industry Leaders asking them to take us forward 10 years into the future to understand the specific challenges and opportunities that our area will need to respond to.

2.7 This process is designed to put us in a good position to make a strong case for securing investment from the Industrial Strategy, such as from the Shared Prosperity Fund or via Sector Deals.

2.8 We will need to put forward some strong ‘offers’, based on our understanding of the economic impact of investments. It will not be sufficient to come up with a series of ‘asks’ for funding.

## 2.9 Timeline

Stage	Activity	Date	Output
<b>Understanding the broad challenges</b>	Publish evidence	Complete by 22 December	Evidence paper
	Publish paper on process		Process paper
	News piece		Press release
	Think pieces on; Productivity Resilience Demography		Think pieces
	Consultation		Consultation responses
	Partner submission of additional evidence		Evidence
<b>Strategic Framework</b>	Analyse consultation responses	Complete by 22 <sup>nd</sup> Feb	<b>Problem/Opportunity Statements Paper</b>
	Consultation & prioritisation		Prioritised statements
	On line or workshops?		<b>Strategic framework</b>
	Shortlist problem /opportunity statements		
<b>Options</b>	LEP led workshops	Complete by 27 <sup>th</sup> April	Broad range of options
	Partner led workshops		Broad range of options
	Analyse & prioritise options		<b>Rationalised options</b>
<b>Delivery Plan</b>	Shortlist options	Complete by 1 <sup>st</sup> June 2018	Draft delivery plan
	Stakeholder engagement		Partner buy in to delivering options
	Drafting Strategy & Plan		Revised strategy with delivery plan
<b>Launch</b>	Launch Strategy & Delivery Plan	June 2018	<b>Published Strategy &amp; Plan</b>

**2.10 Key Challenges** - We have developed a set of key questions, broadly under the headings of productivity, demographics and resilience to inform our thinking and ensure our strategy reflects the real needs and opportunities of York, North Yorkshire & East Riding. **These are detailed below.**

Chief Executives are asked to note the Industrial Strategy process and support their teams to respond to the challenge questions.

## Key Challenges

Productivity	Resilience	Demographics
<p><b>Innovation</b></p> <ol style="list-style-type: none"> <li>1. Which market trends present the greatest opportunities to add value to our local economy?</li> <li>2. Which technologies/business models will have the greatest impact on our area in 10 years?</li> <li>3. What can we learn from sectors/businesses/places which are over performing in terms of productivity?</li> <li>4. Will Brexit drive productivity improvements?</li> </ol>	<p><b>Economic</b></p> <ol style="list-style-type: none"> <li>1. a) What sectors/business models are vulnerable to economic shocks? b) Which sectors/business models/institutions are most vulnerable to fraud or cyber-attack?</li> <li>2. How would a hard Brexit impact on local business imports/exports/supply chains?</li> <li>3. What will be the economic impact of the removal of CAP payments?</li> </ol>	<p><b>Labour market</b></p> <ol style="list-style-type: none"> <li>1. How does full employment effect business growth and productivity?</li> <li>2. What is the impact of underemployment?</li> <li>3. Is an ageing population profile a problem or an opportunity?</li> <li>4. Are the benefits of economic activity being felt by all sections of society?</li> <li>5. How are young people's career choices influenced?</li> <li>6. How will the economy respond if we lose significant sections of the labour market due to Brexit?</li> </ol>
<p><b>People</b></p> <ol style="list-style-type: none"> <li>5. Why isn't industry demand for skills being met?</li> <li>6. Why are some people more productive than others in equivalent roles?</li> </ol>	<p><b>Environmental</b></p> <ol style="list-style-type: none"> <li>4. What opportunities does our area have to mitigate climate change by reducing greenhouse gas emissions?</li> <li>5. How must our area adapt to climate change and related policy drivers?</li> <li>6. What opportunities do we have to create additional value by producing and processing natural resources?</li> <li>7. What will be the economic/spatial impact of environmental shocks such as flooding or pandemic?</li> <li>8. What will be the environmental impact of removing CAP payments?</li> </ol>	<p><b>Place and Housing</b></p> <ol style="list-style-type: none"> <li>7. How does the lack of affordable housing and/or our mix of housing stock affect growth and productivity?</li> <li>8. How does quality of place shape decisions by people about where they live?</li> <li>9. What is the role of villages and market towns in a globally connected world?</li> <li>10. How are economic trends influencing the housing market?</li> </ol>

<b>Competition</b>	<b>Connectivity</b>	
<p>9. Which aspects of physical/digital connectivity are preventing our economy being more productive?</p> <p>10. a) Which local businesses/sectors are losing out to online/global businesses? b) Which local businesses/sectors are winning in the global digital age?</p> <p>11. What would be the impact of Brexit derived loss of access to markets (such as for Financial Services) or new forms of competition (such as agricultural products)?</p>	<p>12. a) How resilient are our physical transport connections? b) How resilient are our digital connections? c) How resilient is our energy transmission infrastructure?</p>	
<b>Investment</b>		
<p>13. a) How are businesses investing to drive up productivity in our area? b) How is public sector investment influencing productivity in our area?</p>		
<b>Enterprise</b>		
<p>14. Which enterprising behaviours should we accelerate and spread?</p> <p>15. a) Which places/sectors have with problems with rates of enterprise? b) Which sectors/places demonstrate opportunities from their rates of enterprise?</p>		

### **3.0 Energy Strategy Update**

- 3.1 We are in the process of developing an energy strategy for the area. All LEPs in Yorkshire have now received £50k each from BEIS to develop strategies and all LEPs are collaborating together. YNYER and LCR secured their funding earlier, are therefore further advanced and have been closely aligning their work.
- 3.2 Wallace Sampson is the lead Chief Executive for Energy at a Yorkshire level and has been leading this work alongside the LEP. All Local Authorities have been engaged in the collation of the evidence base.
- 3.3 There are four work streams. The first three have been developed and jointly procured with LCR, the final one being the development of a strategy bespoke to the LEP area.

#### **Workstream 1: Establish a robust energy baseline**

Evidence gathering has included:

- Data on current and forecasted (upto 2036) energy demand, energy generation capacity and projections,
- energy storage/transmission and distributed energy systems;
- energy efficiency, transport: alternative fuel infrastructure to achieve CO2 targets;
- jobs, skills and gva potential,
- CO2 equivalent emissions associated with demand, supply and energy efficiency

All LA partners have now submitted their relevant evidence and data sources and the WYCA in house team is developing a baseline report which will be available imminently.

#### **Workstream 2: Technology Options Appraisal**

The Carbon Trust have been procured to undertake a technology appraisal using qualitative evaluation criteria and weightings. The findings are being presented to the LEP Board on 17 November. This will be circulated.

#### **Workstream 3: Energy Opportunity Areas**

This workstream will identify and spatially map current energy assets and energy resources along with network constraints in the LEP area. It will assess opportunities for developing new renewable / low carbon energy infrastructure and nationally significant infrastructure projects. In addition this will consider replacement and substitution opportunities of current assets/infrastructure and barriers to implementation. This work is currently being tendered.

#### **Workstream 4: Energy Strategy**

We are in discussion with university of Leeds to commission a series of mini-Stern reviews which will develop regionally specific energy and carbon accounts that review baseline trends and evaluate the economic case for investment in a range of cost and carbon effectiveness of options. The focus of these mini-Sterns is to be finalised but can include housing, non-residential buildings, transport, industrial and waste sectors for districts and the region as a whole.

- 3.4 As part of this a public/private working group has been established to advise on the list of options.
- 3.5 This process will be complete by March 2018 and will inform the emerging Industrial Strategy.

**Chief Executives are asked to note progress and support continued engagement by their teams**

**Andrew Leeming**

**York, North Yorkshire and East Riding Local Enterprise Partnership**

**26 October 2017**