

Wiltshire Council

Cabinet

17 September 2019

Subject: Local Industrial Strategy

Cabinet Member: Councillor Philip Whitehead, Leader of the Council and Cabinet Member for Finance, Procurement and Economic Development

Key Decision: Key

Executive Summary

The Ministry of Housing, Communities and Local Government (MHCLG) has set out plans for Local Enterprise Partnerships (LEPs) to produce Local Industrial Strategies (LIS). They will be long term economic strategies aimed at driving productivity locally.

Following the announcement that Honda will leave their South Marston site in Swindon in 2021, Swindon & Wiltshire Local Enterprise Partnership (SWLEP) has been asked by MHCLG to accelerate production of the LIS, bringing the launch forward to Autumn 2019 from the originally targeted March 2020. An early draft was prepared and submitted to MHCLG for discussion purposes in July 2019 and this draft is attached to this paper (**see Appendix 1**). Because the draft is still under discussion, SWLEP and MHCLG do not want it made public at this stage. It is thus attached to this paper as a Part 2 item.

It is intended that the LIS will be a high-level strategy and will have a life of circa 15 years. It is not intended to be project-specific.

The draft LIS addresses the nationally defined *five foundations of productivity* (Ideas, People, Infrastructure, Business Environment and Places) and sets out proposals around Research & Development (R&D), skills, infrastructure, Small & Medium-sized Enterprise (SME) competitiveness, regenerating town and city centres and digitisation. It also sets out *three strategic opportunities* around cyber security, addressing the higher level skills shortage through a business-led, multi-campus federation of Higher Education (HE) provision, and leveraging strengths in key sectors of the economy.

Discussions between SWLEP and MHCLG will continue during August and September 2019 with a view to finalising the LIS and launching it publicly in Autumn 2019. Wiltshire Council's Economic Development & Planning teams, Highways and Housing & Commercial Development have all been working with SWLEP in developing the LIS.

Cabinet are asked to acknowledge the progress that SWLEP has made to date and endorse the attached draft LIS. Cabinet is also asked to delegate authority to the Executive Director of Growth, Investment & Place, in consultation with the Leader of the Council, to endorse the final document on the Council's behalf prior to submission.

Proposal(s)

1. That Cabinet acknowledges the progress made by the SWLEP in preparing the LIS and endorses the direction set out in the draft that was submitted to MHCLG in July 2019.
2. Cabinet is asked to delegate authority to the Executive Director of Growth, Investment & Place, in consultation with the Leader of the Council, to endorse the final document on the Council's behalf prior to submission.

Reason for Proposal(s)

- 1) To support SWLEP in agreeing the LIS with MHCLG;
- 2) To ensure that local needs, priorities and opportunities are recognised at central government level;
- 3) To establish the basis for future funding bids in Wiltshire;
- 4) To highlight Wiltshire's strengths and to seek government support for interventions that will drive productivity locally.

Alistair Cunningham
Executive Director, Growth, Investment and Place

Wiltshire Council

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Key Decision: Key

Purpose of Report

1. To update Cabinet on progress being made by Swindon and Wiltshire Local Enterprise Partnership (SWLEP) in agreeing the Local Industrial Strategy (LIS) with the Ministry for Housing Communities and Local Government (MHCLG).
2. To seek Cabinet's endorsement of the draft LIS that SWLEP has submitted to MHCLG and of the direction set out in it (to the extent that it affects Wiltshire Council's areas of responsibility).

Relevance to the Council's Business Plan

3. Supporting the LIS is key to the Business Plan outcome of growing the economy, because the LIS aims to:
 - a. Continue sustainable growth in our communities
 - b. Grow skills of the workforce
 - c. Attract and retain high value businesses
 - d. Improve educational attainment, particularly higher education and apprenticeships
 - e. Grow life science and other key clusters
 - f. Plan to deliver housing to support economic growth
 - g. Support new infrastructure

By supporting the LIS we are helping to meet the Corporate Priority of working with partners to be an innovative and effective Council

Main Considerations for the Council

Background

4. In July 2018, in its report entitled "Strengthened Local Enterprise Partnerships", MHCLG set out its plans for Local Enterprise Partnerships to adopt a single mission: to promote productivity by delivering Local Industrial Strategies. Building on the Growth Deals, the plan is to promote local strategies which align with regional, national and UK priorities.

5. The strategies are to be long-term, based on clear evidence and aligned to the UK Industrial Strategy. They should set out clearly defined priorities for how places will maximise their contribution to UK productivity. They aim to allow places to make the most of their distinctive strengths whilst at the same time ensuring better coordination and greater collaboration across boundaries.
6. Once agreed with MHCLG, the strategies will help to prioritise local action, help to inform decisions at national level, and also inform Local Enterprise Partnerships' approach to future funding deployed through them, such as the government's proposed UK Shared Prosperity Fund (UKSPF) once details of its operation and priorities are announced.
7. The 2017 Industrial Strategy White Paper set out the timeframe. The first LIS were agreed in March 2019, and MHCLG aims to agree all places' LIS in England by early 2020.
8. Agreeing a LIS for their area with MHCLG will be a necessary condition for Local Enterprise Partnerships to draw down any future funding being deployed through them.
9. MHCLG intend that the LIS must be developed locally, led by those who best know the needs of local economies. They should:
 - Be based on a robust evidence base, and on a granular understanding of the local economy.
 - Map out opportunities and challenges, building on local strengths and addressing local weaknesses (such as skills, land supply, congestion, housing supply etc), or alternatively meeting the national Industrial Strategy's "Grand Challenges" (Artificial Intelligence and data; ageing society; clean growth; future of mobility), or alternatively identifying weaknesses in productivity, for example in isolated rural or urban communities.
 - Address the five key "*foundations of productivity*": Ideas, People, Infrastructure, Business Environment and Places, showing how these inter-relate locally and where local action is needed.
 - Be clear how Local Enterprise Partnerships will work in partnership with public and private stakeholders.
 - Prioritise specific, achievable and long-term ambitions which will enhance productivity.
 - Set out clear plans to evaluate progress.
10. The time available to put together the SWLEP LIS has been shortened following the announcement that Honda will leave their South Marston site in Swindon in 2021. MHCLG is now expecting the SWLEP LIS to be launched in Autumn 2019 instead of March 2020 as previously agreed. The government is also keen to understand how the LIS will address issues related to the economic performance of Salisbury following the recent departure of Friends Provident and Capita.

Evidence, Consultation and Engagement

11. In order to meet the requirement that the LIS be developed locally and led by those who best know the needs of local economies, the SWLEP has engaged the two local authorities and over 1000 local businesses. As a result, a number of strategies have been developed by SWLEP to inform the LIS over the last year (see <https://swlep.co.uk/about/our-strategies/lis>). These are:
 - Apprenticeship strategy 2018
 - Cyber Resilience Science and Innovation Strategy 2018
 - Digital Capabilities Strategy 2018
 - Energy Strategy 2019
 - Higher Education Strategy 2018
 - Rail strategy 2019
 - Swindon and Wiltshire Local Economic Assessment
12. The SWLEP has established the LIS Independent Review Panel drawn from the universities of Bath, Bath Spa and Cardiff and also from the Department of Business, Energy and Industrial Strategy (BEIS). The Independent Review Panel meets to ensure that the Swindon and Wiltshire Local Industrial Strategy (SWLIS) is developed based on robust evidence which has been tested through constructive external challenge by independent experts.
13. In addition, resources have been drawn in from the universities, including a part-time LIS manager on secondment to SWLEP from Bath Spa university. SWLEP has also brokered a research collaboration with Economic Department at the University of Bath team. The collaboration will respond to the Department for Education's Skills Advisory Panel Toolkit requirement as well as look at the local productivity gap and baseline the value of natural capital in the economy. Further work to look at the new energy vehicle fuelling infrastructure is also being investigated.
14. Wiltshire Council's Economic Development & Planning teams, Highways and Housing & Commercial Development have all been closely engaged, working with SWLEP in developing the LIS.

Key aspects of the LIS

15. The LIS addresses each of the Government's *five foundations of productivity* (Ideas, People, Infrastructure, Business Environment and Places). In addition, three *Strategic Opportunities* have been identified that build on the specific strengths of the SWLEP area to support growth and boost productivity over the next 10 to 15 years.

The five foundations of productivity

- *Ideas foundation* – The LIS aims to broaden R&D activity throughout the local economy, i.e., beyond the small number of highly innovative organisations within which it is currently concentrated. It will do this by attracting new businesses to the area, strengthening the local innovation ecosystem, adopting emerging technologies and developing stronger links with centres of research excellence.

- *People foundation* – The LIS aims to align skills supply with local demand by ensuring that skills evolve to keep up with the changing demands of industry, improving labour market inclusion, and raising educational aspiration by increasing participation in higher education and increasing the number of higher and degree level apprenticeships.
- *Infrastructure foundation* – The LIS focuses on the development of a clean, flexible and resilient power systems, removing grid capacity constraints, exploring hydrogen uses in various applications and new energy vehicles, and strengthening connections north and south (including to Oxfordshire and the Cambridge-Milton Keynes-Oxford innovation arc and to the Midlands) to enable greater innovation and productivity improvements through the better flow of people, investment and ideas. It also addresses decarbonisation and digital connectivity.
- *Business Environment foundation* - The LIS aims to expand start-up and scale-up support, thereby improving the competitiveness of SMEs. It aims to improve the productivity of low-output sectors and increase the proportion of R&D-active businesses. It also aims to support businesses through Brexit.
- *Place Foundation* – The LIS aims to secure the vibrancy of the Swindon, Chippenham, Salisbury and southern Wiltshire economies by regenerating town and city centres. It aims to help communities respond to greater digitalisation by removing connectivity constraints. It aims to ensure utilities infrastructure to accommodate housing and business growth. It aims to grow resilience to economic shocks and ensure that all communities benefit from inclusive, sustainable and connected growth.

The three strategic opportunities

The LIS identifies three strategic opportunities:

- *Firstly*, as part of the Cyber Resilience Alliance, it will leverage local assets that are of national and global importance to establish Swindon and Wiltshire as a business-led Cyber Capital, becoming a centre of excellence offering leading-edge products and services that enable business to improve their cyber resilience.
- *Secondly*, to address the higher level skills shortage, it proposes an innovative business-led model that consolidates the existing higher education provision to deliver programmes needed by local businesses, in partnership with them across multiple sites.
- *Thirdly*, it aims to diversify the economy by leveraging sectoral and local strengths, including: life sciences, defence, security, advanced engineering, R&D, cyber and digitech. It proposes road and rail improvements, the development of large employment sites, raising the profile of places and exploring capital schemes for regeneration, harnessing the use of smart city capabilities.

Salisbury

16. The LIS addresses the specific issues related to the economic performance of Salisbury by proposing to build resilient growth arising from the benefits of Salisbury

becoming the first city to offer full fibre to all residential and business premises and the unique opportunity it has to deliver various SMART city concepts. This includes:

- Connected data application, which means that businesses will be better placed to respond to the needs of their customers
- Attracting new companies who need full fibre connectivity into the city to diversify the economy, for example growing Salisbury's embryonic gaming sector
- Reviewing transport options for a smart city environment
- Better and effective data sharing across the public sector to improve service provision, for example to improve patient care provision and healthy living
- The development of virtual reality tourism.

17. In addition, the LIS highlights the opportunity to align military resettlement plans with new housing and employment opportunities in high value jobs in southern Wiltshire. It also highlights projects to revitalise Salisbury, based on the Future High Street bid.

18. Chippenham, Trowbridge and the Market Towns

The LIS highlights the fact that high productivity is heavily focused in certain sectors and certain geographical areas within Wiltshire, and that in parts of the county productivity is low. It is thus proposed that the LIS will highlight the importance of Chippenham, Trowbridge and the southern Wiltshire economies, particularly the advanced manufacturing capability along the A350 corridor, and that the rejuvenation of Wiltshire's market towns will also be included in order to provide a foundation for widespread productivity improvement across the county.

Overview and Scrutiny Engagement

19. SWLEP Joint Scrutiny Task Group to add briefing on this to their forward plan for their 9th Sept 2019 meeting

Safeguarding Implications

20. There are no safeguarding implications.

Public Health Implications

21. A strong economy with good employment opportunities has a positive impact on the wider determinants of health. It is imperative therefore that economic growth and employment opportunities are maximised through the LIS.

Procurement Implications

22. This strategy sets out long term goals and does not have any direct procurement implications. Where there is a requirement for the council to deliver any future

procurements that may result from bids or investment decisions following from this strategy, they will be subject to the council's procurement rules in place at the time.

Equalities Impact of the Proposal

23. There are no direct equality impacts as a result of this report. Individual projects or programmes arising from the strategy will need to be considered on a case by case basis in terms of the requirement to complete Equality Impact Assessments.

Environmental and Climate Change Considerations

24. The LIS includes commitments to improving the strategic energy infrastructure, decarbonising our economy and helping to deliver the national climate change targets.

Risks that may arise if the proposed decision and related work is not taken

25. If the Council does not endorse the LIS then this will send a weak message to Government regarding partnership working in Wiltshire. This is likely to result in reduced investment. It will also damage our relationship with our partners.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

26. Given that the LIS is not a Council document, Cabinet is being asked to endorse it rather than approve it. Endorsing the document does not give rise to any risks.

Financial Implications

27. There are no direct financial implications from endorsing the LIS. Any future initiatives or projects undertaken by Wiltshire Council to support the strategic priorities outlined in the strategy would be subject to individual approval and funding and would follow the normal Council process.

Legal Implications

28. The LIS is still in development and therefore no formal decision of the Cabinet is required. However, the draft LIS has reached a stage within development whereby it would be helpful for Cabinet to formally consider the draft and confirm that the information contained within the draft is appropriate for the area of Wiltshire and that the direction of travel proposed is consistent with Wiltshire Council's business plan and Wiltshire Council's direction of travel.
29. Once the draft LIS gets to a stage whereby it is being formally signed off it is proposed that provided the final document is consistent with the detail and direction of travel set out in this draft then the Executive Director of Growth, Investment & Place will endorse the final draft in consultation with the Leader of the Council in accordance with the delegations requested in this paper.

Workforce Implications

30. The LIS commits the SWLEP to working with its local authority partners, and this clearly assumes that the local authority partners will have the management resources to engage with them. The Council's current structures cater for this, so it is not anticipated that the LIS gives rise to pressures or additional resource needs. Individual projects, as they come forward, may do, but this will be assessed as part of the individual project approval process, and Cabinet approval sought where required.

Options Considered

31. Officers continue to work with SWLEP to influence the LIS, to make sure that Wiltshire's interests are well served. The only other option would be not to engage. This would not serve the Council's best interests.

Conclusions

32. The LIS will be a key document in setting the direction of SWLEP-funded activity in the coming years. It has been prepared in consultation with local businesses and with Wiltshire Council and Swindon Borough Council, and by endorsing it Cabinet will show its commitment to working in partnership with the LEP to deliver it.

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Appendices:

Appendix 1 – SWLEP Draft Local Industrial Strategy

Background Papers:

None or specify the documents relied upon