



Committee and Date

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Item

Public

## **Marches Local Enterprise Partnership's draft Local Industrial Strategy**

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### **1. Summary**

- 1.1 The purpose of this report is to seek Cabinet endorsement for The Marches Local Enterprise Partnership Limited's (LEP) **draft** Local Industrial Strategy (LIS).
- 1.2 The LEP is formally consulting Shropshire Council on the draft LIS document in accordance with the consultation requirements set out within its Articles of Association and Accountability and Assurance Framework.
- 1.3 Shropshire Council's Constitution requires that formal responses on behalf of the Council to consultation by other bodies, on matters that affect the Council as a whole or have a widespread effect across the Council, are to be the responsibility of Cabinet.
- 1.4 The draft LIS will be subject to extensive engagement with Central Government departments, to include consideration by Defra in light of the largely rural nature of the Marches area and economy, before a final version of the document is delivered.

### **2. Recommendations**

Cabinet agree:

- 1) That, in response to the formal consultation by the Marches LEP, the draft LIS is endorsed.
- 2) That Shropshire Council will continue to work with the Marches LEP to produce a final LIS which will be presented to and negotiated with the UK government.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 The Government is requiring all LEPs in England to prepare a Local Industrial Strategy to articulate the economic strengths and propositions of each area which will contribute to the delivery of the UK Industrial Strategy. The Marches LEP Board made the decision to progress LIS for this area to follow immediately after the production of the Strategic Economic Plan and to be among the first LEP areas to follow the pilot Local Industrial Strategies.
- 3.2 The LIS will help to influence government investment decisions by increasing awareness of the Marches unique economic strengths. It will outline opportunities to accelerate growth and improve productivity and ensure a balanced and inclusive economy for the future.
- 3.3 A programme of engagement has taken place in the development of the draft document with ongoing involvement of the LEP Board, the Local Authorities and each of the three Business Boards (Shropshire, Herefordshire and Telford and Wrekin) and wider business community across the geographies as well.
- 3.4 This will include considerations by Defra in relation to the largely rural nature of the Marches area and economy. This is particularly timely for Shropshire, as the rural and communities strategy is emerging, and there will be further discussions between the LEP and MHCLG regarding the rural proofing opportunities for the LIS.

### 4. Financial Implications

- 4.1 There are no new financial implications for Shropshire Council, as the development of the LIS is being taken forward within existing Marches LEP resources.
- 4.2 Having a clearly articulated LIS will allow the Marches LEP to make the case to Central Government for funding to support economic growth, and to prioritise opportunities for funding under the UK Shared Prosperity Fund.

### 5. Background

- 5.1 Following a change to the LEP's governance structure in April 2019, the Council was entitled to become a public sector member of the company and nominate a director to sit on the LEP Board. Cabinet agreed on 1 May 2019 to become a member of the LEP and nominated the Leader of the Council as a director and the Council's representative on its Board.
- 5.2 To ensure that the three Councils within the LEP area are given the opportunity to be consulted on strategic issues, a clause is included within the Articles of Association of the LEP regarding the rights of consultation and engagement reserved to public sector members of the LEP, as set out in the Accountability and Assurance Framework.

## **The Marches Local Industrial Strategy: productivity and clean growth**

### **Introduction to the Local Industrial Strategy**

- 5.3 The LIS has been developed by the Marches LEP, working in partnership with businesses, education providers, local authorities, and other partners. It is based on a robust evidence base developed by all partners over the last two years, and aligns with the ambitions set out in the Marches LEP Strategic Economic Plan, which can be found [here](#).
- 5.4 The LIS has been developed at a time when the global and UK economy is undergoing a period of demographic, technological, and environmental change. There are growing pressures on the environment, air quality, and biodiversity, and there is an increasing awareness of the impacts of climate change.
- 5.5 Taking in to account the changing economic, natural, and technological environments, the LIS sets out the actions needed to enable the Marches to contribute to the UK's shift to clean growth and zero carbon, through enhanced sustainability and resource efficiency. This will be achieved by pioneering new approaches to component manufacture, high tech precision agriculture and food production, energy use, water and waste management.

### **Contents of the LIS**

- 5.6 The Marches LIS must deliver within the framework of the **five foundations of productivity** as set out in the UK Government's national Industrial Strategy, which can be found [here](#). The five foundations which the Marches must work within, along with their implications for Shropshire and the Marches, are:

5.7 **(i) Ideas – developing networks and encouraging technology take up:**

The Marches LEP and its partners will drive up levels of business innovation building on established research strengths (for example, at CREST at University Centre Shrewsbury) and will support innovation assets such as Shropshire Food Enterprise Centre and the Robert Jones and Agnes Hunt Orthopaedic Hospital.

The Marches LEP and its partners will ensure the availability of space and financial support for innovation, and will support new peer to peer networks to share innovation, speed up the adoption of new technology, and ensure HE works with businesses to ensure diffusion of knowledge.

5.8 **(ii) People – improve access to opportunities at all stages of life, and support skills development and workforce sharing:**

The Marches has lower than average levels of residents with no or low skills, and there is a strong mid-level and technical skills and jobs base. There are fewer highly qualified residents and jobs than the average (35% locally, 39% nationally). Wages are £3,600 lower than the UK median and 29% of jobs pay less than the real living wage (23% in UK).

The Marches is an attractive place for families, but young people tend to leave the area – 22% of the population is over 65, compared to UK average of 18%.

Recruitment is an issue across all sectors, but especially in digital and technical skills. Isolated communities are often relatively close to major business clusters, and there is a clear need to link people to opportunities.

The Marches LEP and its partners will support collaboration between providers and businesses, including tailored course modules to provide the digital and technical skills for advanced manufacturing and engineering, food production, cyber security and resilience, and health and social care.

The Marches LEP and its partners will also support re-skilling, making sure such opportunities are accessible to people at all stages of their working lives

**5.9 (iii) Infrastructure – enhance sustainable energy and water management, and support housing, employment land and transport priorities:**

Housing costs are high relative to wages, and workers travel in to the Marches from more affordable surrounding areas. The Marches LEP and its partners will therefore deliver a major programme of building to deliver 54,500 new homes, tackling pinch points around the availability, suitability, and affordability of housing for key workers.

There are concerns over electricity and water supply, particularly for manufacturing and agriculture, so the Marches LEP and its partners will maximise opportunities for energy self-sufficient farm and food businesses.

There are clear priorities for future investment, including bypasses, dual carriageways, alternative road routes, and frequency of rail services. The Marches LEP and its partners will therefore work cross-border with WMCA and the Black Country to deliver infrastructure that will support strategic growth. This will also include delivery of improvements in physical and digital infrastructure necessary to support clean growth and improved productivity, and tackle digital connectivity for rural communities and businesses.

The Marches LEP and its partners will explore the potential to deliver strategic flood resilience management in order to support economic growth along the Severn.

The Marches LEP and its partners will grow new market opportunities, and encourage business growth through supply chain and SME support. This will support the development of prosperous and resilient places for people to live and work and for businesses to succeed.

**5.10 (iv) Business environment – grow new market opportunities, and encourage business growth through supply chain and SME support:**

There are 24% more business per person in the Marches than in the West Midlands as a whole, and 76% of total exports from the Marches go to the EU.

The Marches LEP and its partners will build on the work of the existing Growth Hub to further boost business growth and productivity, and will deliver new programmes of support, targeting high growth potential firms, and supply chain firms, particularly focused on the move to low carbon / electric and autonomous transport and agriculture.

The Marches LEP and its partners will explore a new business growth and productivity fund to enable new technology investments in local businesses.

#### 5.11 (v) Place – develop prosperous and resilient places for people to live and work and for businesses to succeed

The Marches is a diverse area with three main urban centres, unique market towns, and a strong rural economy. Shrewsbury is an important commercial centre, serving a wide area, with a range of cultural and heritage assets, as well as agri-food and agri-tech and manufacturing companies. Market towns are important hubs for our residents - providing housing, employment, and commercial activity. The diversity and strengths of the market towns contribute significantly to the Marches uniqueness and high quality of life. The connecting rural areas provide a valuable natural asset and are home to the majority of our small and micro businesses, as well as being a key visitor attraction.

The Marches LEP and its partners will support major planned investments and interventions in infrastructure improvements in the major urban centres.

The Marches LEP and its partners will deliver the Opportunity Towns programme with a targeted set of interventions to recognise their specific characteristics, strengths and opportunities.

The Marches LEP and its partners will develop a campaign to attract families and young people to the area.

#### 5.12 Building on the five foundations outlined above, the Marches LIS identifies **three major opportunities** for future success, growth, and productivity gains. These are:

#### 5.13 (i) Advanced manufacturing and engineering

- Unprecedented shifts in manufacturing – caused by automation, AI, and decarbonisation – have increased the trend to service-based business models. Jobs, and the skills required to do them, are changing with the switch to low carbon and autonomous transport and systems.
- The advanced manufacturing and engineering cluster in the Marches is long-established, but there are also many new firms with expertise in making and servicing 'next shape' components using high-tech, energy efficient techniques and materials.
- The area supports supply chains in automotive, aero, defence, rail, and agriculture, totalling 27,500 jobs and 1,575 businesses.
- The LIS proposes the establishment of a major new, business-led engineering resource centre to better enable firms to share advice and

develop new opportunities, including new schemes to support the transition to the circular economy, low carbon and sustainable practices.

#### 5.14 (ii) Agri-food and agri-tech

- All aspects of food production are changing fast. Climate change is driving growing concerns around soil and water management, energy use, and biodiversity, and this is reinforced through changing consumer demands.
- The Marches is distinctive in that it has all aspects of the food production supply chain, with major brands across mixed farming, meat processing, dairy, fruit, cider and horticulture. The sector accounts for 32,000 jobs and 6,000 businesses – this is over 10% of the workforce (compared to the national average of less than 3%).
- The LIS envisages the Marches as a successful living lab for modern, high-tech and environmentally sustainable methods of food production, processing, packaging and distribution. The Marches will partner with global research centres to speed up the adoption of new technology, for example in autonomous harvesting of soft fruit, and will explore shared approaches to seasonal labour, maximising the vital experience and contribution that seasonal workers make to the Marches economy.

#### 5.15 (iii) Cyber security and resilience

- Cybercrime and terrorism are growing threats with the potential to have major disruptive impacts. SMEs are particularly vulnerable to cyber attacks, with 60% of small enterprises closing their doors within six months of such an incident.
- The Marches has a strong defence history, with a deep expertise in countering cyber threats and improving resilience. This will be further developed through securing the Cyber Valley's position as a global Centre of Excellence in cyber security and resilience. Shropshire will contribute to this by ensuring the provision of high-quality commercial incubator and grow on space that the sector needs.

### Implementation

- 5.16 The Marches LEP and local partners will work together to prioritise existing and future funding. Implementation will be overseen by the LEP Board, with individual local authority and other partners leading on relevant projects and programmes. The Marches LEP will continue to work with its local Business Boards, including Shropshire, and sector groups.
- 5.17 The LIS does not include any new spending commitments outside of existing budgets, but it will inform the strategic use of local funding streams and, where relevant, spending and decisions at the national level.

## 6. Alignment with Corporate Priorities

- 6.1 The Marches draft LIS is closely aligned with the priorities of Shropshire Council, as laid out within our [Corporate Plan](#), and reflected in a range of service-level plans, such as the Economic Growth Strategy 2017-21, the Local Transport Plan, our 18 Place Plans, and the Shrewsbury Big Town Plan. The LIS also reflects the priorities for FE and HE partners in Shropshire.
- 6.2 It is therefore appropriate for Shropshire Council's Cabinet to endorse the draft LIS, and to work with the Marches LEP to produce a final LIS which will be presented to and negotiated with the UK government.

## 7. Next Steps

- 7.1 Following endorsement by all partners, a finalised version will be formally submitted for review by government departments. This submission will occur in November 2019, through the Marches LEP Area Lead. Review and negotiation of an agreed LIS is then expected to be completed by the end of March 2020. Meeting this deadline is, however, dependent on the capacity of government.

### List of Background Papers

- **Marches LEP SEP**
- **UK Industrial Strategy**
- **Further information about the LEP can be found at:**  
<https://www.marcheslep.org.uk>
- **Cabinet report 1 May 2019**

### Cabinet Member (Portfolio Holder)

- **Cllr Steve Charmley, Portfolio Holder for Assets, Economic Growth and Regeneration**

### Local Member

- **All**

### Appendices

- **Marches LEP Draft Local Industrial Strategy**