

Greater Lincolnshire LEP

Local Industrial Strategy

*LEP Board Meeting
29 October 2019*

Metro — Dynamics

Purpose of today

To give a progress update to the LEP Board – process and LIS content

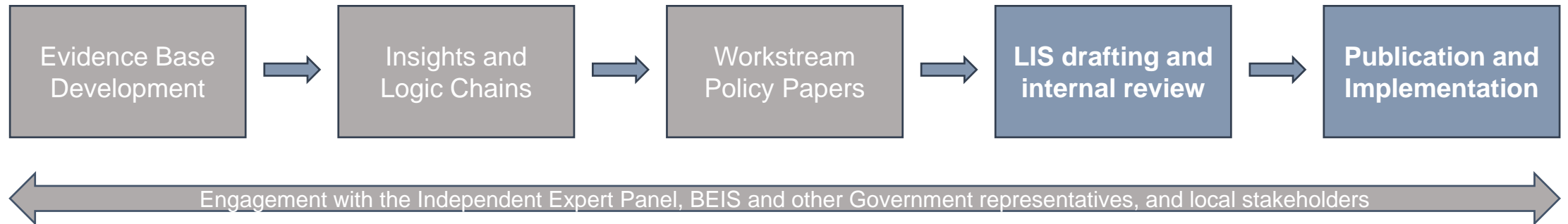
To review the draft LIS and discuss potential ambition statements

To agree next steps for Greater Lincolnshire and approach to co-production

Progress update

Metro — Dynamics

Where are we up to in the process?



LIS Drafting and Internal Review

- An initial draft of the LIS was prepared by the LEP with support from Metro Dynamics
- Sections of the initial draft were shared with Greater Lincolnshire colleagues (within the LEP and local authorities) to refine the focus, bolster the interventions and reflect local priorities
- The LIS was updated to reflect feedback from Greater Lincolnshire colleagues and incorporated into the draft presented to this LEP Board meeting.
- Next steps are to refine the LIS following the LEP Board meeting, and begin co-production with Government.

Overview of LIS

Metro — Dynamics

Local Industrial Strategy on a Page

DRAFT AMBITION

Futureproofing the UK's major agrifood economy, creating a productive and resilient economy built on natural capital and inclusivity



Energy and Water



Health and Care



Agrifood



Defence



Visitor Economy

Strategic Opportunities



Business
environment



Ideas



Place



People



Infrastructure

Foundations of Productivity

Planning for Growth Objectives

Increase wealth by growing the economy and providing the right number and type of homes to **meet housing need**



Create a **healthier society** with a more engaged population



Improve quality of life, promoting wealth creation and **growth from which everyone benefits**



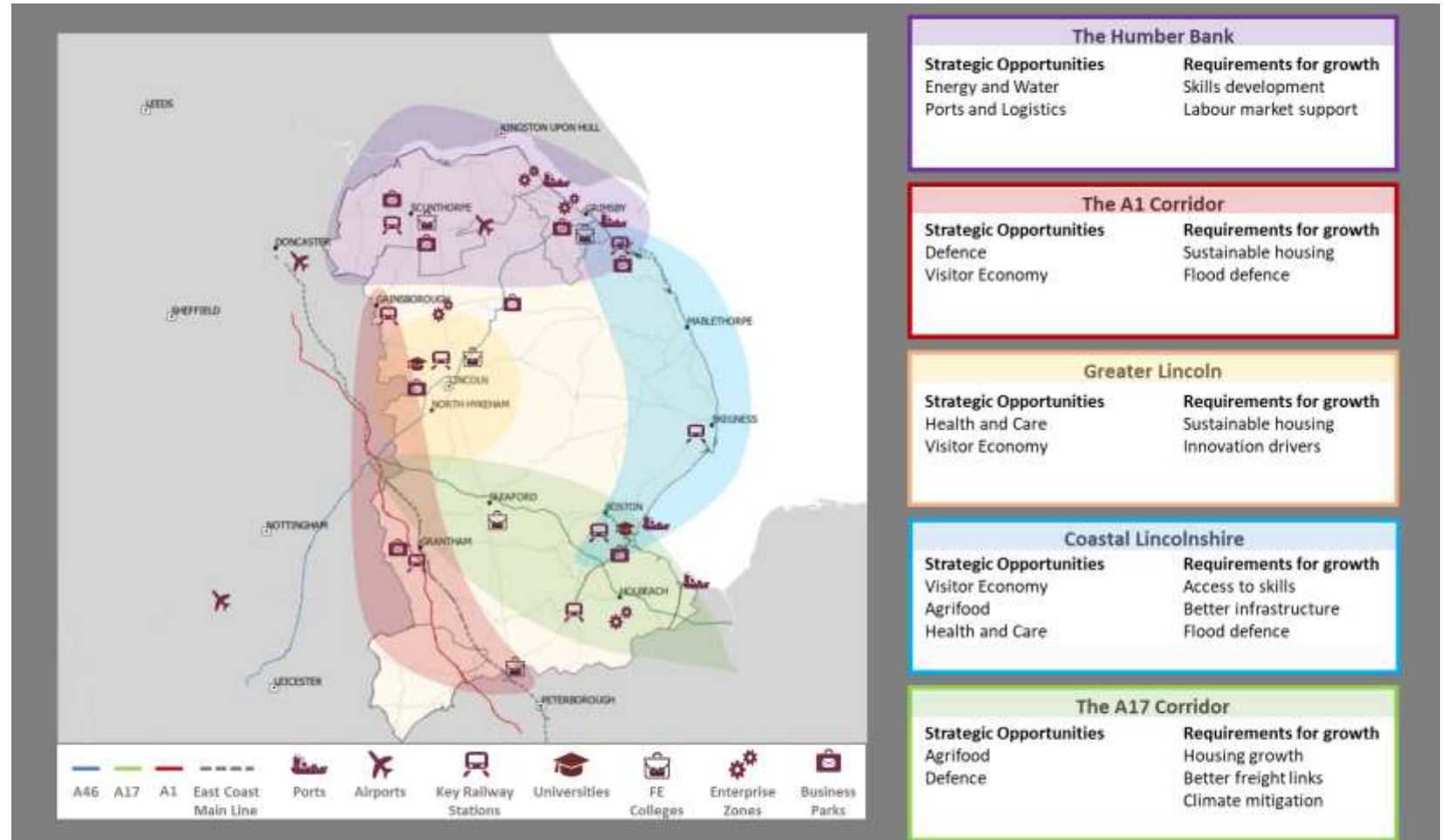
Ensure the economy, population and environment are **resilient to future challenges**, including climate change, and can benefit from future economic and technological opportunities

The Importance of Place to the LIS

The local industrial strategy is for the whole of Greater Lincolnshire and looks to maximise the gains for all places.

- Urban areas are showing potential for growth
- Rural and coastal areas are a core part of Greater Lincolnshire's identity
- One focus should be to grow resilient market towns

Understanding Place: Greater Lincolnshire's Spatial Corridors



THE ECONOMY



£20.7bn
economy



Ambition to
grow the economy by
£3.2bn by 2030



Manufacturing
largest sector at
20% of GVA

1.96% average
annual GVA growth
from 2012-2017



£18,625 GVA
per head
3rd lowest
among LEPs
in 2017

0.1% productivity decline
from 2007- 2017



Developing metrics to measure success

Boost productivity

All parts of the LEP area and sectors currently underperform the national average.

Greater Lincolnshire's GVA per hour worked in 2017 was £27.40 - the 5th lowest across all LEP areas. This is **22.8% lower than the UK average.**

if Greater Lincolnshire's economy was performing at the national average it would add almost £9bn to GVA each year, a **45% increase in the total size of the economy.**

Raise wage levels

32% of employees are paid below the real living wage. Employment is strong in sectors which tend to be labour intensive, relatively lower skilled and lower paid, and produce lower levels of value.

As of 2018, the median wage for full time workers in **Greater Lincolnshire was £25,720, compared to £29,574 across the UK.**

Grow together

Some parts of Greater Lincolnshire rank amongst the **most deprived areas of England** as measured by the Index of Multiple Deprivation. There are **pronounced pockets of deprivation along the Eastern coastal towns from Mablethorpe to Skegness.**

Other areas such as Gainsborough and pockets of Lincoln are also in the bottom deprivation deciles.

Slow progress on inclusive growth in these most-deprived areas is a substantial challenge which must be addressed.

Strategic Opportunities

Metro — Dynamics

Health and Care

Ambition

Develop new models of care for a dispersed and ageing economy, building a cluster of local businesses to support active ageing

Summary of Opportunity

Health and care is a significant source of employment but **as a sector it is relatively unproductive.**

The health and care workforce will face **13,000 vacancies over coming years unless skills gaps are addressed.**

The local industrial strategy is an opportunity to find innovative and cost-effective ways of providing quality health and care to an ageing and rural demographic.



62,000 jobs



2,450 businesses



£1.3bn GVA
with ambitions of
£1.89bn by 2025

Human Health constitutes **over 50%** of the sector's total employment



Ageing population

By 2041 the **over 65 population** is projected to grow by **38.4%**



A **46%** projected rise in the number of **residents over 75** between 2014-2025

Potential actions for Health and Care



Together, local partners will:

- Pilot 'Communities of the Future' to meet the needs of an ageing population. This will explore improved physical and digital connectivity to local services and transformation of health and care services.
- Develop Greater Lincolnshire as an international centre for innovation for rural H&C solutions, particularly through the National Centre for Rural Health and Care. This will involve partnering with the East Midlands Academic Health Science Network and the National Centre for Rural Health and Care.
- Develop a pharmaceuticals network based around the science & innovation park to look at digital health – focus on virtual care networks to address spatial inequalities in deployment.
- Address workforce challenges around skills and retention through promoting alternative career pathways and making Lincolnshire an attractive place to work.
- Align activities of LEP Employment & Skills Board with NHS Lincolnshire Workforce Action Board.
- Support actions to address the unsuitability of the current housing stock for an ageing demographic, and work to bring forward an adequate supply of housing which will enable more people to live sustainably at home for longer.
- Transform the Health & Care sector by increasing the capability and involvement of the Voluntary & Community Sector to support deployment of H&C solutions as part of a Business Development Strategy.

Potential actions for Health and Care



Greater Lincolnshire wants to build on established links with HMG to develop the interventions outlined here.

- Greater Lincolnshire is keen to engage with the following government departments and agencies for the Health and Care agenda part of the LIS:
- DHSC with a focus on addressing the workforce challenges (in the context of the Interim People Plan) and realising the opportunities around the digital and technology agenda set out in the Long Term Plan;
- DEFRA, with a focus on the development of a rural health and care rural proofing toolkit which could be piloted in Lincolnshire;
- BEIS, with a focus on teams responsible for Universities around the development of our innovation proposals;
- DfE, with a focus on workforce development;
- MHCLG about support for issues in relation to housing and inequalities.

Agrifood



Ambition

Increase the international competitiveness of the agrifood sector by championing automation and resource efficiency to benefit its food chain

Summary of Opportunity

Agrifood is **18% of the local economy** (compared to 3% nationally). And it is growing.

It is the **source of 43% of new jobs** and the heart of the sector's technological innovation. This is a **strong foundation for growth**.

As new technologies arise and new processes develop there will be **opportunities to deliver food more efficiently to a growing global population**. The opportunity for Greater Lincolnshire is to capitalise on these trends to improve productivity.

Actions

1. Develop as a centre of innovation in all parts of the agrifood supply chain
2. Develop SmartLINC ERDF project (energy efficiency) and CERES Fund (food waste circular economy)
3. Promote uptake of automation through COTEMACO Interreg project, ERDF, and Growth Hub
4. Develop and implement a sector skills plan
5. Implement Water Management Plan with Water Resources East
6. Work in partnership with neighbouring LEP regions to growth the agrifood sector
7. Build on existing Hunan Lincolnshire partnership to grow bilateral trade

Energy and Water

Ambition

Become a rural innovation test bed for energy and water technologies and adopt new whole of system thinking to managing energy

Summary of Opportunity

Greater Lincolnshire is well placed to pioneer new approaches that contribute to the Government's commitment to **reach Net Zero UK carbon emissions by 2050**.

Local businesses require a large and efficient supply of energy and water, in a dispersed and large geography – the LIS will support them.

Opportunity to **focus on local and rural energy production and distribution and use the currently constrained energy infrastructure in a more efficient and affordable manner**.

Actions

1. Become a testbed for the application of new energy technologies in rural contexts
2. Address existing local energy network capacity constraints
3. Target digital and engineering skills be developing a revised Education and Training Needs Assessment & Delivery Plan
4. Deliver a Carbon Neutral Business Zone
5. Support SMEs to engage with the circular economy through better information and guidance

Visitor Economy

Ambition

Grow the tourism sector yearly by building on recent investment and upgrades, promoting Lincolnshire as a leading tourist destination

Summary of Opportunity

50 miles of coastline, an area of outstanding natural beauty, and hundreds of visitor attractions contribute to a **£1.47bn** visitor economy sector which supports **at least 39,000 jobs**. There is an opportunity to capitalise on these assets and grow the sector.

Productivity in the sector is low, caused in part by the **current seasonality** of Greater Lincolnshire's tourism offering and low wages.

A priority is to help provide higher-quality and more reliable employment for workers in the sector and increase productivity.

Actions

1. Produce a refreshed Visitor Economy Strategy
2. Develop a bid for a Tourism Zone
3. Create a sector skills plan
4. Upskill frontline workers to provide a more high-end hospitality experience
5. Support SMEs to adopt digital technologies
6. Create a destination marketing offer
7. Develop a 'sustainable tourism' strategy
8. Implement for Hotel Strategy for Greater Lincolnshire
9. Enhance and promote place offering to attract a greater number of high-spend visitors

Defence

Ambition

Create a cluster of Defence companies and become a first-choice destination for Defence-related industries, service leavers and their families

Summary of Opportunity

Greater Lincolnshire has a strong aviation heritage. There are **5 active RAF stations**.

Under current plans, there will be **significant RAF investment**, plus a number of civil service and contractor posts will be created in order to **support the development of core sites**.

Maintaining and building on Greater Lincolnshire's strength in defence will help boost productivity across the whole area and **make sure the UK remains one of the best places in the world to innovate, do business and create jobs in the sector**.

Actions

1. Explore opportunities for a defence cluster business park and workspace units
2. Maximise the support offered to RAF Leavers to develop further careers and opportunities within Greater Lincolnshire
3. Develop a business support programme for the defence sector focused on supporting new starts, spin outs and scale ups
4. Work with the defence sector and academic institutions to improve research and innovation capabilities

Foundations of Productivity

Metro — Dynamics

Foundations - Ideas

Ambition

Capitalise on recent momentum to enhance innovation, with twin priorities of deepening innovative activity in the strategic opportunity sectors and broadening the overall base of innovation occurring throughout Greater Lincolnshire.

Strategic Case

- Encourage more innovative activity - beyond the 0.2% of GVA current R&D expenditure
- Commercialise innovation - Greater Lincolnshire Innovate UK funding allocations have increased rapidly in recent years, experiencing a five-fold increase in just eight years, from £0.75m in 2010 to almost £4m in 2018.
- Drive a step-change in innovative activity - to raise ambitions for innovation throughout the community or risk falling behind.

Actions

1. Stimulate and support wider innovation activity across all of Greater Lincolnshire
2. Equip businesses and industry leaders with the skills they need to innovate successfully
3. Turn focused excellence in innovation and research into commercial opportunities

Foundations - People

Ambition

Develop skills and talent across Greater Lincolnshire and develop a flourishing and inclusive economy with a more responsive skills system that creates better opportunities for all.

Strategic Case

- Focus on inclusive growth – over 30% of workers earn below the real living wage
- Grow the pool of higher-level skills - between 2008 and 2018 there was an 8% increase those with NVQ4
- Address replacement demand and deficit of young talent - over 207,000 projected job vacancies by 2024
- Match skills to business need - over 20% of Greater Lincolnshire's job vacancies are due to skills shortages

Actions

1. Continue efforts to equip the workforce with high-quality, relevant training
2. Develop a programme to support residents to participate in the workforce
3. Partner with businesses to help them adapt and compete

Foundations - Infrastructure

Ambition

Ensure Greater Lincolnshire has the infrastructure it needs to support businesses, connect people, and be prepared for future growth and challenges

Strategic Case

- Improve transport connectivity within Greater Lincolnshire and out to other destinations
- Maximise the value of ports
- Improve digital connectivity, particularly in rural areas
- Improve flood defence and water management
- Ensure utilities support local growth

Actions

1. Develop and publish a Greater Lincolnshire Strategic Infrastructure Delivery Plan by early 2020
2. Improve inter- and intra-regional transport connectivity
3. Provide businesses with the digital infrastructure they require to grow and innovate
4. Ensure water is managed effectively as a strategic asset, an industrial input and as part of the area's natural capital

Foundations – Business Environment

Ambition

Create a supportive environment for entrepreneurs, micros and SMEs to grow and become more productive and resilient

Strategic Case

- Prioritise business start ups and growth – currently a negative net business birth rate
- Engage the global economy - building on the £4.7bn exports annually & ideas for a Free Port
- Increase business engagement with digital technology - uptake of digital technology is currently low
- Provide businesses appropriate sites and premises – including the enterprise zones

Actions

1. Support all businesses to grow, build resilience and raise productivity through effective use of technology solutions
2. Maximise the opportunities of the circular economy and energy for all businesses
3. Develop Greater Lincolnshire's place in the global economy
4. Focus on tailored interventions to capitalise on our areas of strategic opportunity

Foundations - Place

Ambition

Capitalise on the dispersed economy to create a leading polycentric, productive economy

Strategic case

- Protect Greater Lincolnshire's distinctive and strategic natural capital
- Meet housing needs - addressing low activity and land values in housing market, particularly in areas with flood risks
- Prioritise inclusive growth - providing solutions to promote inclusion is vital in terms of inclusive growth and increasing the prosperity of areas.

Actions

1. Work together to make towns stronger, not individually but collectively
2. Invest in infrastructure improvements and complement this with reach to pockets of rural isolation
3. Develop a new local approach to delivering 100,000 homes.

Questions for consideration

Metro — Dynamics

What are the main takeaways from the LIS? (1)

- We are a manufacturing broad-based economy, with distinctive opportunities in a number of areas based on our assets, sectors, and investments
- Agrifood and energy and water – capitalise on existing sector strengths and assets
- Health & care and visitor economy – major employers with potential to be more productive
- Defence – important aviation history and potential for catalyse a new sector / supply chain opportunity

What are the main takeaways from the LIS? (2)

- Our R&D activity starts from a low base but there are signs that it is growing, we aim to triple R&D spend through the LIS
- The working age population is shrinking, with increased demand by employers for higher level skills, we will upskill, retrain and retain talent through the LIS
- The dispersed and rural economy requires renewed investment in infrastructure regionally, nationally and globally, we will take a strategic and integrated approach to future proof the region to respond to challenges and opportunities
- We will create a supportive business environment for our micro, small and medium sized enterprises, distinctive to other places as they are both the largest proportion of the business base by size and employment
- The area's scale and dispersed economy make it challenging to reach all businesses and individuals, with a strong inclusion challenge, but Greater Lincolnshire's places and natural capital is also the area's strongest asset – we will support all places to grow through the LIS

What should be the LIS Ambition / mission statement?

Current proposed ambition: Futureproof the UK's major agrifood economy, creating a productive and resilient economy built on natural capital and inclusivity

Other potential ambitions:

1. Grow productivity, wage levels and inclusivity through pursuing strategic opportunities that maximise the value of Greater Lincolnshire's abundant natural capital and rural economy
2. Capitalise on Greater Lincolnshire's distinctive offering as a rural place with networks of small businesses to create a productive and resilient economy built on natural capital, inclusivity and a future-focused agrifood sector
3. Harness Greater Lincolnshire's distinctive offering as a rural place with a strong manufacturing base and large network of small businesses to grow a productive, inclusive and resilient economy

Questions to consider

- Does the single overarching ambition for the LIS capture what is most important to Greater Lincolnshire?
- Will the proposed metrics help focus local partners on actions which make the greatest difference to Greater Lincolnshire's productivity and people?
- Do the actions and priorities encompass the depth and breadth of activity which needs to occur?