**LEP STRATEGY PROGRAMME BOARD – AGENDA ITEM 8**

Subject: Levelling up, evidence base and future work

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**Purpose**

To review progress on a subregional Levelling Up position and subregional evidence base update to inform considerations for the Strategy Programme Board’s forward work programme.

**Recommendations**

The Strategy Programme Board is asked to: -

1. Note the emerging findings from the Metro Dynamics evidence base update and levelling up work, and discuss emerging strategic policy implications for the Cheshire and Warrington economy, with views on considerations for the design of the Board’s future work programme.

**Background**

As outlined at the LEP Board, the LEP’s role is changing from one of direct delivery of Government funds to a strategic organisation with responsibilities for looking after subregional aspects of the Cheshire and Warrington economy, which includes facilitation and influencing, as well as direct delivery wherever this has been commissioned or is part of legacy commitments. Despite the Levelling Up White Paper having been published, the LEP Review is still outstanding, however intelligence suggests that the LEP will have a similar budget for 2022/23 as 2021/22 and therefore draft delivery plans and purpose pyramids have been put together based on this.

Following the November meeting of the Strategy Programme Board, the LEP commissioned an evidence base update with Metro Dynamics, who are also completing a piece of levelling up positioning work for the subregion. The Levelling Up positioning work is being facilitated by Joe Manning on behalf of the Local Authorities with the LEP as a partner and a verbal update will be given at the meeting.

The evidence base update is designed to review, update and extend the subregional economic evidence base so that we have the necessary insight into our economy and a strong, robust and convincing evidence base that sets out the state of the Cheshire and Warrington economy at the start of 2022. This work will need to respond to and reflect:

* Current Government policies since 2019, including innovation, infrastructure, levelling up, Global Britain and net zero
* The sub-region’s ambitious vision to be the most sustainable, inclusive, healthy and growing economy in the UK
* What levelling up means for the sub-region, urban and rural areas
* The impact of Covid-19, EU exit, and current economic trends, such as supply chain shortages, workforce trends and high energy prices
* How climate change and net zero may affect the sub-regional economy
* A sufficient focus on places, for instance at the town level

It will update and reframe the existing evidence in the Local Industrial Strategy evidence base and other strategic documents, identify where there are gaps, and carry out additional, new analysis to add value. For example the new subregional vision to be the most sustainable, inclusive, healthy and growing economy in the country adds further dimensions to the evidence needed to understand this wider picture, including more on quality of life and quality of place, health and geographical and other inequality considerations, which are outlined in the research framework for the evidence base update. The research framework for the evidence base is attached to this document in annex 1. Headline findings will be relayed and discussed at the meeting, following receipt of material from Metro Dynamics.

Beyond this commission, work may be required to refresh, consolidate and reframe our economic strategy to ensure it is aligned with the new subregional vision (and appropriate SIGC recommendations) and remains effective, compelling, will maximise investment, and deliver for people, businesses and places.

**What the evidence base currently tells us about the C&W economy**

Cheshire and Warrington has a strong economy, founded on innovative, productive and growing sectors, including manufacturing, life sciences, energy and logistics. Businesses choose to locate here because of access to talent, business clusters and physical assets. The sub-region is home to major brands including Essar, TATA Chemicals, Vauxhall, Siemens and Bentley, and significant assets, such as Alderley Park and the Cheshire Science Corridor. Through the decarbonisation of the industrial cluster at Ellesmere Port, there are new net zero opportunities with potential to become the home of green innovation and jobs.

The sub-region is a diverse place with industrial heritage, rural market towns, a university and heritage city, and large rural areas. At the sub-regional level, there are high skills and employment levels, wages and good health outcomes. But there are hidden inequalities with high levels of deprivation and poor health and social outcomes concentrated in some urban areas. Covid-19 has exposed these inequalities, which need to be addressed through levelling up to connect residents to opportunities in the local economy and support a good quality of life.

There are also constraints around the future resilience and growth of the sub-region linked to an ageing population. Many workers are close to retirement age or have already left the workforce, creating skills and labour shortages for local businesses, and there is increased demand on public services, particularly health and social care. High housing costs and low affordability are a barrier for young people and workers in the foundational economy and health and social care to be able to afford to live and work in the sub-region.

**Considerations for future work programme**

As outlined in the Recovery Plan, the new subregional vision also underlines the importance of policies that support our key sector drivers such as low carbon and health and life sciences and those productive, innovative and future oriented sectors, such as digital, but with the need to provide access to opportunity more broadly.

As outlined in the draft purpose pyramid Strategy Programme Board has a role to advise the Board on the needs of key sectors, and to commission work to ensure that the barriers and opportunities to sustainable, inclusive, healthy growth are understood. In addition to taking special responsibility for key sectors, and for net zero, SPB should also examine the plans that deliver our economic foundations (e.g. skills, digital, transport, place and business support) to ensure they are consistent, contribute to our overall vision, relate well to each other, and position the subregion well for investment.

**Annex 1 Cheshire and Warrington Evidence Base – Research Framework**

### Socio-economic baseline

We will update the following key socio-economic indicators from the LIS to benchmark the sub-region against comparator areas and determine what has changed.

* + GVA and growth
  + Productivity and growth
  + Employment and growth
  + Businesses, by size and growth
  + Population and growth
  + Age profile
  + Fuel poverty
  + Economic activity and inactivity, employment and unemployment
  + Reason for economic inactivity
  + Educational attainment
  + Skills and occupation profiles
  + Wages and Real Living Wage
  + Deprivation
  + Sector employment, growth, GVA and productivity
  + Innovate UK spending
  + Innovation expenditure
  + Digital connectivity
  + Business birth and death rates
  + Scaleups
  + Trade
  + House prices and affordability

### New analysis

We will carry out new analysis across the four priority areas in the vision, focusing on identifying new or interesting areas. This could include:

#### Sustainable

* + Carbon emissions by source
  + Carbon emissions at the local level
  + Energy usage at the local level
  + Green jobs
  + Climate change impact (rainfall, temperature)
  + Housing quality (EPC ratings, age)
  + Electric vehicle charging availability

#### Inclusive

* + Metro Dynamics Levelling Up the Lifecycle analysis
  + School readiness
  + Child poverty
  + Educational attainment gaps for pupils eligible for Free School Meals and other pupils
  + Youth unemployment
  + Wages by full-time / part-time
  + Food insecurity
  + Digital inclusion
  + Universal Credit claimants
  + Monthly employment and earnings

#### Healthy

* + Health inequality / deprivation
  + Health outcomes / conditions
  + Spatial variation in life expectancy and healthy life expectancy
  + Gap between life expectancy and healthy life expectancy
  + Health related reasons for economic inactivity and opportunity cost of poor health
  + Health and social care sector (GVA, jobs, etc.)

#### Growing

* + Metro Dynamics Economic Vulnerability Analysis, including supply chain analysis
  + Innovation jobs
  + BEIS/Nesta R&D spatial data tool
  + University research impact, IP revenue and spinouts
  + Venture capital investment
  + New to market product and service innovation
  + Sale of innovative products and services
  + Access to public transport at the local level (Onward)
  + Housing targets and starts/completions
  + Industrial and office space – availability, rents, vacancies
  + Retail vacancies
  + GVA and productivity at the local level
  + Metro Dynamics Zoomshock analysis (shifts in working patterns at the local level)
  + Google Mobility and Centre for Cities high street recovery tracker

### Levelling Up Mission metrics

We will analyse the performance of Cheshire and Warrington against the 12 Levelling Up Missions (from the [Levelling Up White Paper](https://www.gov.uk/government/publications/levelling-up-the-united-kingdom)) compared to the regional and national averages. We have used the metrics specified in the Technical annex: missions and metrics, unless there is either not yet a metric or there is a general basket of indicators but nothing specific, in which case we have provided a suggested alternative. Where possible, we will look at variation within the sub-region at the local level (i.e. below local authority)

| Mission | Metric |
| --- | --- |
| By 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, with the gap between the top performing and other areas closing. | GVA per job, median pay and employment rates |
| By 2030, domestic public investment in R&D outside the Greater South East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth. | Government and Business expenditure on R&D |
| By 2030, local public transport connectivity across the country will be significantly closer to the standards of London, with improved services, simpler fares and integrated ticketing. | Method of travel to work by region of workplace at the ITL1 regional level |
| By 2030, the UK will have nationwide gigabit-capable broadband and 4G coverage, with 5G coverage for the majority of the population. | Geographical 4G coverage and premises coverage of gigabit broadband |
| By 2030, the number of primary school children achieving the expected standard in reading, writing and maths will have significantly increased. In England, this will mean 90% of children will achieve the expected standard, and the percentage of children meeting the expected standard in the worst performing areas will have increased by over a third. | Proportion of students who reach the expected level in reading, writing and maths at key stage 2 |
| By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas. | Number of adults who complete 19+ further education and skills training achievement |
| By 2030, the gap in Healthy Life Expectancy (HLE) between local areas where it is highest and lowest will have narrowed, and by 2035 HLE will rise by five years. | Healthy life expectancy at birth |
| By 2030, well-being will have improved in every area of the UK, with the gap between top performing and other areas closing. | Personal well being measures: life satisfaction, happiness, worthwhile and anxiety scores |
| By 2030, pride in place, such as people’s satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing. | Suggested metric: expenditure on arts development and support |
| By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the government’s ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest-performing areas. | Suggested metric: housing affordability ratio (median) |
| By 2030, homicide, serious violence and neighbourhood crime will have fallen, focused on the worst-affected areas. | Homicides, serious violence and neighbourhood crime |
| By 2030, every part of England that wants one will have a devolution deal with powers at or approaching the highest level of devolution and a simplified, long-term funding settlement. | Suggested metric: average electoral turnout (taken for general elections for 2015, 2017 and 2019) |