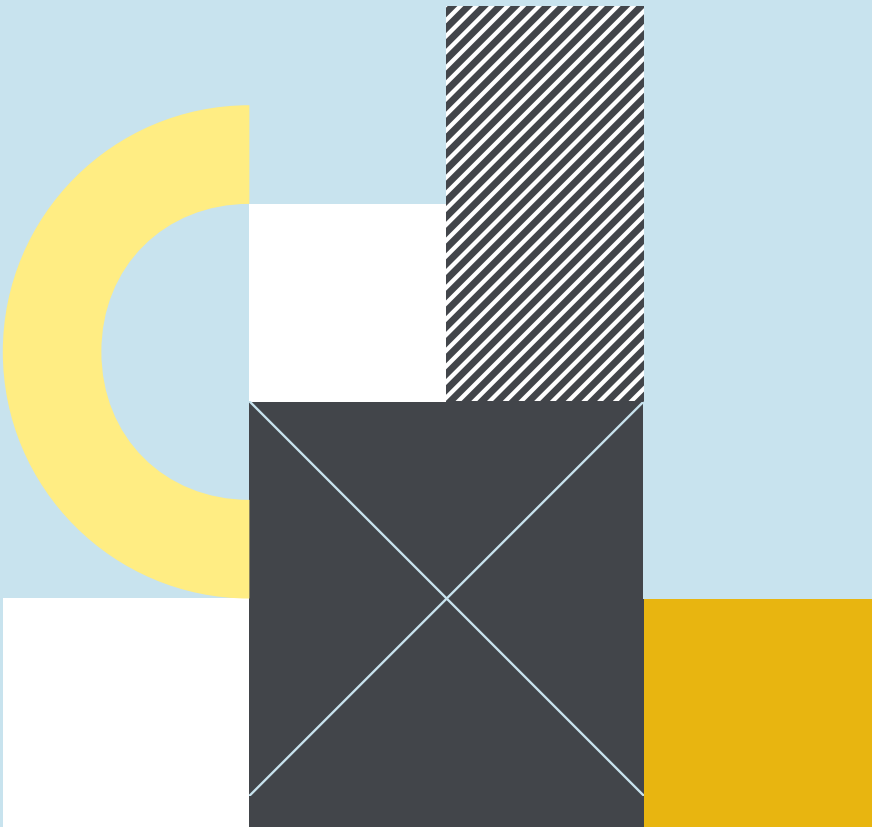
LEEDS CITY REGION ENTERPRISE PARTNERSHIP

WEST YORKSHIRE COMBINED AUTHORITY

LEEDS CITY REGION STRATEGIC ECONOMIC PLAN

2016-2036



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MAY 2016

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FOREWORD

ROGER MARSH OBE, CHAIR OF THE LEP

In my experience of business, you get back what you put in. As a City Region we've been working hard to 'put in' since the first Strategic Economic Plan (SEP) was launched in 2014 and the rewards are already paying dividends - thousands of new jobs and apprenticeships created, thousands of businesses helped to grow, new homes built and transport improvements underway.

By enabling the Leeds City Region economy to grow at pace and scale, we're demonstrating that the nation gets back far more than it puts in. Our performance to date means we now have a track record of highly cost-effective delivery, with every taxpayer £1 of investment levering in an additional £4 from the private sector, and achieving a cumulative economic impact of over £10. Investment here produces substantial on the ground results, efficiently delivered. And our ambitions to deliver an extra 36,000 jobs and £3.7 billion of economic output by 2036 will help us to become a positive, above average contributor to the nation's purse.

However, as I've said before, this is not a job done but a job well begun.

Leeds City Region has a long history of innovation and industry, and of marrying together economic success and social progress. The region was at the forefront of the Industrial Revolution, home to industrialists from Titus Salt to Joseph Rowntree who all embodied the enterprising zeal of this age, helping lay the foundations of the original Northern Powerhouse and supporting the people of our City Region out of poverty and into a skilled workforce. Now in 2016 it is unacceptable to me that we have so many people in our region living in disadvantage. That is why we need to ensure that wealth creation by today's modern industrialists benefits all communities across Leeds City Region and builds a legacy of lasting prosperity and future business success.

The focus of our Plan is not just growth for growth's sake but good growth that combines innovation and productivity with more and better jobs, improved skills and career progression and a better environment so that the benefits can be felt by all. That is not about spreading the spoils of success for its own sake, but about driving greater growth and prosperity to realise our extraordinary potential.

In Leeds City Region, and as laid out in this SEP, clear vision and **powerful partnerships** will enhance our journey of change. We will work together and remain **persistent, purposeful** but **patient** in our call for the devolution of **powers** we need to shape our economic future. From our position at the heart of the Northern Powerhouse we will capitalise on our unique strengths and assets and collaborate with our neighbours to achieve more than we could alone. We will excel as an outward looking City Region, at home and internationally, and contribute ideas, energy and practical solutions. And now this next stage of our journey is about ensuring our vision is matched by delivery.

In 10 years time we want to look back proudly and see the results of effective partnership working: unprecedented innovation; excellence in digital skills and technology; far fewer young people outside of the workplace or education; a sharp rise in high level skills; clean energy and resilience against flooding; improved housing; and integrated transport that connects people to jobs and businesses to markets. We want our businesses to have expanded their growth ambitions and our residents to have had the support to realise their potential. What we get back will not only be about the metrics of more businesses, jobs and output; but transformation into a confident and even more capable City Region able to drive its own destiny and achieve long term, sustainable success for all of its people.

EXECUTIVE SUMMARY

THE CITY REGION AND OUR VISION

THE LEEDS CITY REGION ECONOMY IS THE BIGGEST OUTSIDE LONDON, WORTH OVER £62 BILLION AND GENERATING 5% OF ENGLAND'S OUTPUT. WE HAVE THREE MILLION RESIDENTS, A WORKFORCE OF 1.9 MILLION, 119,000 BUSINESSES, 14 FURTHER EDUCATION COLLEGES AND NINE HIGHER EDUCATION INSTITUTIONS, ONE OF THE LARGEST CONCENTRATIONS IN EUROPE.

Our diverse towns and cities each have distinctive assets and opportunities, sit in some of the most beautiful landscape in the country, and are becoming increasingly well connected. From our position at the heart of the North, we will make full use of these assets in addressing long term challenges, unlocking opportunities and fulfilling the City Region's exceptional potential.

Our transformative vision is:

"TO BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY, JOBS AND QUALITY OF LIFE FOR EVERYONE"

In achieving this, the City Region will:

- deliver upwards of 35,000 additional jobs and an additional £3.7 billion of annual economic output by 2036;
- become a positive, above average contributor to the UK economy;
- seek to exceed the national average on high level skills and to become a NEET(not in employment, education or training)-free City Region; and
- make good progress on Headline Indicators of growth and productivity, employment, earnings, skills and environmental sustainability.

This SEP builds on progress to date and will drive action to deliver our vision and targets. It is led by the Leeds City Region Enterprise Partnership (LEP) and the West Yorkshire Combined Authority (Combined Authority) working with and on behalf of partners across the City Region.

Partnership will be central to our approach. This strategy has been produced through engagement with stakeholders, including businesses, local authorities, universities and colleges and community organisations. Delivering it will demand integrated action by the same spread of partners working together around a shared intent for 'good growth'.

GOOD GROWTH

THE STRATEGY IS BASED ON FOUR INTERCONNECTED PRIORITIES AND A CENTRAL PRINCIPLE OF 'GOOD GROWTH'.

This means achieving both the right quantity and the right quality of growth; creating a strong, productive and resilient economy where a radical uplift in business competitiveness, productivity and profits goes hand in hand with access to good jobs that pay higher wages, and where all residents have access to opportunity and enjoy improved quality of life.

The value of this is clear - people are better off, the local economy is transformed and boosted, the environment is improved and government is able to spend less on welfare. This will underpin everything we do and be used as a principle against which we will test and measure success.

Innovation and digital technology will be key to success. More of our firms and public institutions will quickly exploit new ideas, opportunities and technologies to find solutions and achieve growth, efficiency and productivity.

Similarly, **the character, ideas, abilities and ambitions of our people will be central** to a culture that builds on the City Region's traditions and which is inventive, outward looking, collaborative, open to new ideas and laced with grit and determination. Our diverse and polycentric economy, made up of major cities, towns and countryside, gives us the distinctive assets and opportunities we need to do this.

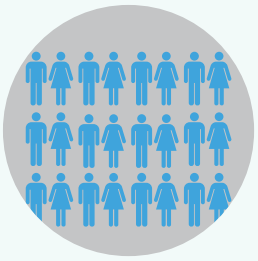
TRACK RECORD AND FUTURE IMPACTS

INVESTMENT OF THE RELATIVELY LIMITED SUMS (£125 MILLION) AVAILABLE TO THE LEP FROM 2011-15 WILL BY 2020 CREATE AN ADDITIONAL 3,200 JOBS FOR LOCAL PEOPLE, BENEFIT 4,300 BUSINESSES AND UNLOCK NEARLY HALF A BILLION POUNDS OF PRIVATE INVESTMENT.* THE CITY REGION ECONOMY WILL BE AROUND £220 MILLION BIGGER IN 2020 AS A RESULT, WITH A CUMULATIVE £1.4 BILLION OF OUTPUT ADDED OVER AND ABOVE A BUSINESS AS USUAL SCENARIO. INVESTMENT HERE PRODUCES SUBSTANTIAL ON THE GROUND RESULTS, EFFICIENTLY DELIVERED.

Looking ahead our forecasts predict that – in the absence of any local interventions – the City Region economy will continue to grow, but at a rate below the national average. This strategy builds on our track record and assets to enable us to turn around this trajectory. The investment we have secured for the next decade includes the £1 billion Growth Deal, the €390 million European Structural Investment Fund and two new Enterprise Zones.

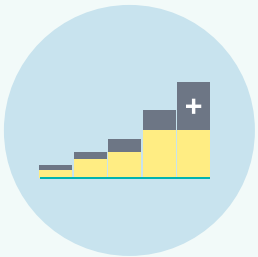
These funds, together with the additional public and private investment that will be levered in, will **generate 35,700 additional jobs by 2036. That equates to an extra £3.7 billion annual economic output.** If this extra growth is added to that which is expected happen because of national trends, the City Region is on track to become a near £100 billion economy in 20 years' time.

We will go still further than this in the long term. As part of the Northern Powerhouse, and with growth magnified by devolution, we would look to achieve even faster rates of growth and job creation, moving to upwards of 50,000 additional new jobs by 2040. This will mean the City Region will be well on its way to the aspiration of **becoming a positive, above average contributor to the UK economy** in terms of the tax revenues it raises.



35,700
ADDITIONAL NET JOBS CREATED BY 2036

£3.7 BILLION
ADDITIONAL ANNUAL ECONOMIC OUTPUT BY 2036



A NEAR
£100 BILLION
CITY REGION ECONOMY BY 2036

* Small Report of Big Impact 2011-2015; Leeds City Region Enterprise Partnership, December 2015

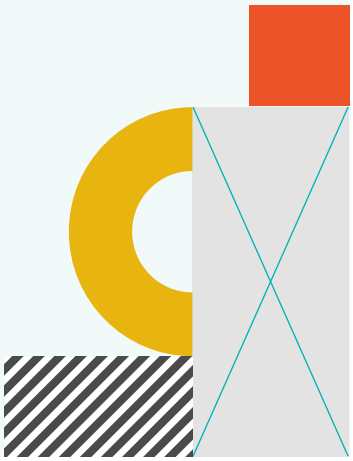
DELIVERY

THE SEP WILL BE IMPLEMENTED THROUGH A SET OF INTERCONNECTED DELIVERY PLANS COVERING AREAS SUCH AS SKILLS AND EMPLOYMENT, DIGITAL, TRANSPORT, GREEN INFRASTRUCTURE, TRADE AND INVESTMENT, HOUSING AND REGENERATION AND INFRASTRUCTURE. THESE SPAN THE FOUR PRIORITIES OF THE STRATEGY AND WILL MAKE CLEAR THE DETAIL OF WHAT WILL BE DELIVERED BY WHO AND WHEN IN KEY POLICY AREAS, AND ENSURE THAT STRATEGY LEADS TO ACTION AND RESULTS.

Across the strategy, a set of 10 Headline Initiatives have been identified as the vital developments that we wish to see delivered – or well on the way to delivery - over the next 10 years.

In effect, **they are the large scale 'game changers' that will enable us to make real progress towards achieving the City Region's vision.** They address key, evidence based issues and opportunities, span all four priorities of this strategy and will support its good growth principles.

These initiatives will be **delivered through a wide range of partners, including and going well beyond the LEP and the Combined Authority, and utilising local, national and European funding sources.**



THE HEADLINE INITIATIVES, GROUPED UNDER THE FOUR PRIORITIES OF THE STRATEGY, ARE:

PRIORITY 1
GROWING BUSINESS

1 IMPLEMENT COORDINATED AND WIDE RANGING ACTION TO RADICALLY INCREASE INNOVATION

2 BECOME A GLOBAL DIGITAL CENTRE – WITH SPECIALISMS IN DATA STORAGE, ANALYTICS, DIGITAL HEALTH AND TECH SKILLS

3 BOOST BUSINESS GROWTH, PRODUCTIVITY, EXPORTS AND INVESTMENT BY LINKING BUSINESSES TO SUPPORT AND FUNDING, INCLUDING THROUGH THE LEP GROWTH SERVICE, SKILLS SERVICE AND TRADE AND INVESTMENT PROGRAMME

PRIORITY 2
SKILLED PEOPLE, BETTER JOBS

4 DELIVER A 'MORE JOBS, BETTER JOBS' PROGRAMME TO WIDEN EMPLOYMENT, SKILLS, APPRENTICESHIPS AND PROGRESSION OPPORTUNITIES, LINKED TO NEET-FREE GOALS

5 DEVISE AND DELIVER A PROGRAMME OF ACTION TO INCREASE HIGH LEVEL SKILLS AND CLOSE THE GAP TO UK AVERAGE

PRIORITY 3
CLEAN ENERGY AND ENVIRONMENTAL RESILIENCE

6 TARGETED INVESTMENTS AND INNOVATION TO MAKE THE CITY REGION A LEADING EDGE CENTRE FOR ZERO CARBON ENERGY

7 MAKE CLIMATE CHANGE ADAPTATION AND HIGH QUALITY GREEN INFRASTRUCTURE INTEGRAL TO IMPROVING THE CITY REGION ECONOMY AND ITS SPATIAL PRIORITY AREAS

PRIORITY 4
INFRASTRUCTURE FOR GROWTH

8 DELIVER 30+ WEST YORKSHIRE PLUS TRANSPORT FUND SCHEMES AND MAKE PROGRESS TOWARDS A SINGLE 'METRO STYLE' PUBLIC TRANSPORT NETWORK, CONNECTED TO MAJOR NATIONAL/NORTHERN SCHEMES SUCH AS HS2 AND NORTHERN POWERHOUSE RAIL

9 DEVELOP AND REGENERATE INTEGRATED SPATIAL PRIORITY AREAS, SUPPORTING EMPLOYMENT, QUALITY ENVIRONMENTS AND THE BUILDING OF 10,000-13,000 NEW HOMES PER YEAR

10 DEVELOP AN INTEGRATED FLOOD RISK REDUCTION PROGRAMME, INCORPORATING FLOOD DEFENCES, GREEN INFRASTRUCTURE AND RESILIENT DEVELOPMENT

Additionally, each of the SEP's four priorities identifies overall goals, a set of action areas, the strategic rationale and the approach that will be taken. This includes the key partners that will be involved, how implementation of the priority will support good growth principles and measures of success.

The diagram shows the how the elements of the SEP fit together and the action areas within each of the four priorities.

TO BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY, JOBS AND QUALITY OF LIFE FOR EVERYONE

PRIORITY 1

Growing Business

a) Business Growth Hub (LEP Growth Service)
b) Innovation
c) Access to finance
d) Digital
e) Supply chain development
f) Enterprise
g) Trade and investment

Skilled People, Better Jobs

a) More and better apprenticeships
b) Great education, connected to business
c) Employability, access to jobs and realising potential
d) Building workforce skills and attracting talent
e) Addressing skills gaps and shortages

PRIORITY 2

PRIORITY 3

Clean Energy and Environmental Resilience

a) New energy generation
b) Resource efficient businesses
c) Energy efficiency and empowering consumers
d) Green infrastructure

Infrastructure for Growth

a) Integrated spatial priority areas:
- Urban Growth Centres
- Housing Growth Areas
- Employment Growth Areas

b) Transport infrastructure and services
c) Integrated flood risk reduction
d) Digital infrastructure

PRIORITY 4

GOOD GROWTH

- 35,700 NET ADDITIONAL JOBS BY 2036
- AN EXTRA £3.7 BILLION ANNUAL ECONOMIC OUTPUT BY 2036
- AMBITIONS TO EXCEED NATIONAL AVERAGE ON HIGH LEVEL SKILLS AND TO BECOME A 'NEET-FREE' CITY REGION
- PROGRESS ON HEADLINE INDICATORS OF GROWTH AND PRODUCTIVITY, EMPLOYMENT, EARNINGS, SKILLS AND ENVIRONMENTAL SUSTAINABILITY

CHAPTER
1

THE VISION FOR TRANSFORMATIONAL CHANGE ACROSS LEEDS CITY REGION

THIS STRATEGIC ECONOMIC PLAN 2016-2036

THIS SEP IS LED BY THE LEP AND THE COMBINED AUTHORITY, WORKING WITH AND ON BEHALF OF PARTNERS ACROSS THE CITY REGION. IT IS AN AMBITIOUS PLAN THAT BUILDS ON PROGRESS TO DATE AND SETS THE COURSE FOR THE CITY REGION TO FULFIL ITS EXCEPTIONAL POTENTIAL.

The SEP has been produced through engagement with many partners and stakeholders, including businesses and their representative organisations, local authorities, universities and colleges and community organisations. We have also connected with neighbouring areas and their economic plans, linked to our central role in the Northern Powerhouse. This resulting strategy refreshes the previous SEP (produced in 2014 at the request of the Chancellor) and will be **implemented through a set of interconnected Delivery Plans.** These will cover the detail of what will be delivered by who and when in key policy areas, and ensure that strategy leads to action and tangible results.

Where 'we' is used in the strategy, it refers to **the LEP and the Combined Authority, working in partnership with the array of organisations that contribute to the City Region economy.** It is this partnership of agencies – across the City Region's business, public and voluntary and community sectors – that will deliver the transformational change we seek. Hence the SEP provides the strategic framework to combine and align our joint action and investment to support delivery of good growth in Leeds City Region.

LEEDS CITY REGION: THE STRATEGIC VISION

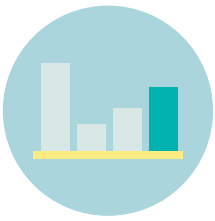
IN ACHIEVING THIS TRANSFORMATIVE VISION, THE CITY REGION WILL UNLOCK ITS FULL ECONOMIC POTENTIAL AND CEMENT ITS PLACE AS AN ENGINE FOR GROWTH IN THE NORTH AND FOR THE NATION AS A WHOLE.

It will become a positive, above average contributor to the UK economy and deliver upwards of 35,000 additional jobs and an additional £3.7 billion of annual economic output by 2036.

The LEP's vision for Leeds City Region is:

"TO BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY, JOBS AND QUALITY OF LIFE FOR EVERYONE"

Leeds City Region has a proud economic and cultural history. Its spirit of inventiveness, enterprise and hard work was at the heart of the industrial revolution, whilst its creative talents have led advances in science, engineering, literature and sculpture. This energy and innovation have continued into the modern era, with countless technical advances, such as hip replacements and cash machines, invented here. The City Region, with an economy bigger than that of nine EU member states, continues to transform. Since 2011 (when the LEP was created), thousands of jobs have been created, thousands of businesses helped to grow, and almost half a billion pounds of private investment unlocked.



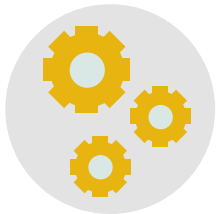
LARGEST UK CITY REGION ECONOMY OUTSIDE LONDON

3 MILLION RESIDENTS

£62.5 BILLION ECONOMY

LARGEST UK FINANCIAL AND PROFESSIONAL SERVICES SECTOR OUTSIDE LONDON

119,000 BUSINESSES



LARGEST UK MANUFACTURING CENTRE

THE PRIME MINISTER, RT HON DAVID CAMERON MP (DEC 2015):

"THE PARTNERSHIP HAS ACHIEVED PHENOMENAL SUCCESS HERE AND - THANKS TO DEVOLVED GOVERNMENT FUNDING AND STRONG LOCAL LEADERSHIP - IT HAS HELPED 4,000 BUSINESSES TO GROW AND HAS CREATED 3,200 JOBS AND 2,000 APPRENTICESHIPS. THIS REALLY SHOWS THE NORTHERN POWERHOUSE IN ACTION AND IS A BOOST FOR THE CITY REGION, THE NORTH AND THE COUNTRY AS A WHOLE."

We view this as 'a job well begun'. Indeed, progress has been noted as 'phenomenally successful' by the Prime Minister. It demonstrates the ability of partners across the City Region to work together to tackle collective challenges, and puts us in excellent stead to exploit the many opportunities that lie ahead. The City Region has the assets, drive, capability and partnerships needed to continue to transform our economy.

Transformation will not be without challenges. Like other places that initially led the industrial revolution, the decline of heavy industry took a weighty toll on many communities. It has left a legacy of pockets of serious deprivation, and an economy that has been less productive than those in London and the South East which have had a different economic history.

The residents and business people of Leeds City Region are, however, nothing if not resilient. Although there is much further to go, with increasing control of the levers needed to drive success, the building blocks for future lasting growth are firmly in place.

WHAT WILL OUR VISION OF 'GOOD GROWTH' LOOK LIKE ACROSS LEEDS CITY REGION?

OUR VISION FOR GOOD GROWTH IS ABOUT AN AMBITION FOR BOTH THE RIGHT QUANTITY AND QUALITY OF GROWTH THAT IS IN EVERYONE'S INTEREST AND THAT WILL TRANSFORM THE CITY REGION ECONOMY.

It is about creating a strong, productive and resilient economy where a radical uplift in business competitiveness, productivity and profits goes hand in hand with access to good jobs that pay higher wages, and where all residents have access to opportunity and enjoy improved quality of life. The value of this is clear - people are better off, the local economy is transformed and boosted, the environment is improved, society is fairer and government is able to spend less on welfare and public services. This will underpin everything we do and be used as a principle against which we will test and measure success.

So what will this mean for how the components of good growth contribute to our twenty year vision?

FOR BUSINESS: good growth will equate to **heightened productivity** and increasing numbers of businesses that make 'good growth' an intrinsic part of their long term corporate strategy and the route to delivering value for shareholders. Their outlook will span both local supply chains and international markets, embodying an open and collaborative culture where innovation and a degree of risk-taking are the norm. They will strive to offer 'good' jobs (see below) that, along with investment in the skills they need at all levels, will enable them to attract and retain the talented people they need to grow and to move into higher value product and service markets. This will be challenging in some sectors – like retail, catering and care – but the City Region will work together to help businesses find practical, realistic solutions that help move them along a path towards good growth.

FOR PEOPLE: the benefits of growth do not automatically trickle down to all, so we will adopt an **inclusive growth** approach that will proactively prioritise options to extend job and income opportunities to all communities. Many more jobs will be 'good' jobs defined by decent income, fair terms and appropriate flexibility and security, where effort is recognised and people have the opportunity to learn, contribute, progress and work in a safe and healthy environment. This new norm, coupled with higher productivity, will raise pay and incomes over time, helping to reduce in-work poverty. Graduates and other young people will not need to leave the City Region to find work which befits their skills. More people in good jobs will have benefits for health, just as improved health will widen the labour pool and enhance productivity.

FOR PLACES: **high quality and connected places** are intrinsic to good growth. Our distinctive variety of places will offer outstanding quality of life through their unique business, physical and environmental assets, as well as their diversity of culture and heritage. Vibrant, regenerated town and city centres will be people friendly, no longer dominated by the car, with clean air and the highest quality green infrastructure and public realm. This will sit alongside a rural hinterland that plays its full and highly significant role in the City Region economy. There will be enough of the right-sized, high quality, carbon neutral homes in the right places to give residents a choice of where they want to live in safe communities at a price they can afford.

Places will be connected by high quality **transport and wider infrastructure** that serves the needs of businesses and people. Movement between towns and cities will be easy and fast, based on a single 'metro style' public transport system that connects residents to jobs and companies to their markets with ease and reliability. HS2 and a much-improved rail network across the North of England (known as 'Northern Powerhouse Rail'), plus improved access to Leeds-Bradford and Manchester International Airports, will ensure excellent physical links to the rest of the UK and the world. Schools and colleges, green infrastructure, flood risk management measures and digital connectivity will likewise be comparable to the best in the world and will give the City Region a global reputation that readily attracts skilled people and investment.

FOR THE ENVIRONMENT: we will apply a **low carbon and sustainable** approach in everything we do. As a leader in low carbon, we will exploit new economic opportunities with potentially huge global market opportunities. Our businesses will be highly efficient in their use of energy and resources, allowing them to de-couple growth from carbon emissions and pollution. Poor air quality and fuel poverty will be a thing of the past – homes will be well-insulated, while efficient energy generation, usage and smart networks will ensure everyone is actively in control of their energy consumption. We will not just have maintained and enhanced our already beautiful landscape, but will have found innovative new ways to work with it, for example through investments in new or enhanced natural assets that help to reduce flood risks.

The focus on good growth is not just well-intended words. It is embedded in each priority of this strategy, with measures of success in delivering good growth set out clearly to enable us to monitor and evaluate progress. Good growth will permeate all of our delivery plans, and will be embedded in all our partnerships, decision making, prioritisation and resource allocation. In this way good growth will become part of the way we do business in Leeds City Region.

INNOVATION, TECHNOLOGY AND CREATIVITY – PART OF HOW WE DELIVER GOOD GROWTH

In a rapidly changing and often unpredictable world, the **ability to quickly exploit new ideas, opportunities and technologies will be critical** to economic success and social progress. Businesses that innovate imaginatively can see phenomenal growth, and achieve big improvements in efficiency and productivity. And those that capitalise on the full potential of new technology and data can gain crucial market advantage. The City Region can and will do more to support such activity. It will link businesses to our excellent universities and colleges to foster R&D, build a high quality pool of talented people and tech skills, and ensure the right data, digital and technology infrastructure is in place.

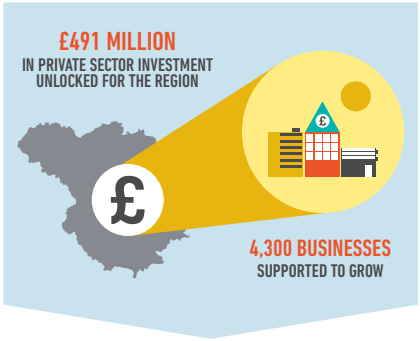
But innovation is not solely about technology, business or infrastructure. It is also about the creativity, mind sets, ideas and abilities of the City Region's people. We all have the ability to devise new products and services and to do things better. To reap this potential we will harness a creative, confident and ambitious culture where people and businesses in all sectors make best use of ideas and technology and continually innovate and improve. **The character, ideas, abilities and ambitions of people in the City Region will drive success.** We will support a culture that builds on the City Region's traditions and which is inventive, outward looking, collaborative, open to new ideas and laced with grit and determination.

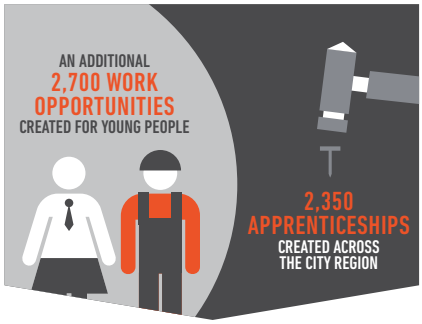
TRACK RECORD, DELIVERING THE GROWTH DEAL AND ACHIEVING OUR VISION

THE 11 LOCAL AUTHORITIES THAT COMPRISE LEEDS CITY REGION (BARNSLEY, BRADFORD, CALDERDALE, CRAVEN, HARROGATE, KIRKLEES, LEEDS, SELBY, WAKEFIELD AND YORK, ALONGSIDE NORTH YORKSHIRE COUNTY COUNCIL) HAVE BEEN WORKING IN PARTNERSHIP TO IMPROVE THE ECONOMY SINCE 2004.

The establishment of the LEP in 2011 and the Combined Authority* in 2014 strengthened joint working further, including direct private sector involvement in the partnership. The LEP and the Combined Authority are now working as one to drive economic success.

Since 2011, government has increasingly offered Local Enterprise Partnerships control over budgets in a number of key aspects of economic development. Investment of the relatively limited sums (£125 million) available to the LEP from 2011-15 will by 2020 create an additional 3,200 jobs for local people, benefit 4,300 businesses and unlock nearly half a billion pounds of private investment.** The City Region economy will be around £220 million bigger in 2020 as a result, with a cumulative £1.4 billion of output added over and above a business as usual scenario. Our performance to date means we now have a track record of highly cost-effective delivery, with every £1 of government investment levering in an additional £4 from the private sector, and achieving a cumulative economic impact of over £10. **Investment here produces substantial on the ground results, efficiently delivered.**





* The Combined Authority has economic and transport powers and brings together the five authorities of Bradford, Calderdale, Kirklees, Leeds and Wakefield, working in tandem with City of York Council.

** Small Report of Big Impact 2011-2015, Leeds City Region Enterprise Partnership, December 2015

Impact has spanned all four priorities of the strategy and will continue to do so in the future. For example:

- The City Region has 15% more businesses than in 2011, a rise that outstrips national performance, and has attracted 31 inward investments, helping to raise foreign investment in Yorkshire by 145%.
- Skills programmes have created 2,350 new apprenticeships for young people and enabled 2,700 more young people to enter employment, education or training.
- There have been significant reductions in carbon emissions, energy improvements to over 1,000 properties, and major progress on developing an ambitious pipeline of new district heat networks.

What then is required to move on from this good start and achieve our ambition of good growth and greater prosperity? According to 2014 data, Leeds City Region is a £62.5 billion a year economy, the largest city region outside London. However, if our output per person were to match the UK average, billions would be added to our annual economic output. In turn, employment and wages would be higher, more tax would be paid by local businesses and individuals, and benefit payments and other calls on the public purse would be lower, meaning that we would be moving to a position of making a positive, above average contribution to the national exchequer.

The strength of our partnership, the economic ambition expressed in the first SEP, and the ability to deliver in a highly cost effective manner enabled the City Region to secure from government **the largest Growth Deal of any LEP area in the country** in 2014 and 2015. The £1 billion Growth Deal is a major programme of investment to support all our strategic priorities, including the creation of the 'West Yorkshire plus Transport Fund' for over 30 new transport schemes that will improve access to jobs and markets for people and businesses in West Yorkshire and York.

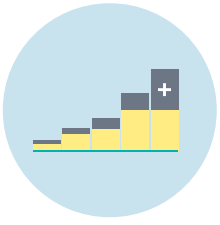
The **impact of the funding we have won to date** and the investments that will flow from it will be substantial. The full range of investments to be guided by the LEP and the Combined Authority includes:

- the **Growth Deal** itself, which will lever in similarly large sums of additional investment from both the private and public sectors over the next decade;
- investment of around 390 million Euro of **European Structural and Investment Funds** (ESIF), which will be at least matched by other bodies; and
- a mixture of public and private investment will ensure the development of our **Enterprise Zones** in the Aire Valley and along the M62 corridor, with the great majority of the investment from the private sector.

The successful delivery of this full 'Growth Deal Plus' package of public and private investment will **create 35,700 additional net jobs by 2036. That equates to an additional £3.7 billion annual GVA.** If this extra growth is added to that which is expected to happen because of national trends, the City Region is on track to become a near £100 billion economy in 20 years' time.

35,700
ADDITIONAL NET JOBS CREATED BY 2036

£3.7 BILLION
ADDITIONAL ANNUAL ECONOMIC OUTPUT BY 2036



A NEAR
£100 BILLION
CITY REGION ECONOMY BY 2036

Together with the 115,000 extra jobs forecast for the City Region through business as usual growth, this will mean that there are around 150,000 more jobs than in 2016 – two to three times higher than forecast working age population growth over the same period* and enough to have a significant positive impact on economic activity and employment rates.

To put these figures into context, for Leeds City Region to have matched expected UK average growth rates over the next 20 years would have required the creation of around an additional 30,000 net jobs. This would be an ambitious aim in itself, and have demanded much better performance than that of recent decades. The goal of creating nearly 36,000 jobs goes beyond this. In other words, successful delivery of the Growth Deal, the ESIF and our Enterprise Zones will enable us to lift our economic growth path to an annual level that exceeds the rest of the UK, and thereby goes a long way towards the transformation we seek.

However, our long term ambition is to go further. As part of the 'Northern Powerhouse' of Northern city regions working together, and with growth magnified by devolution that gives us the ability to take more effective decisions locally, we would look to achieve even faster rates of growth and job creation, moving to upwards of 50,000 additional new jobs by 2040. In striving to deliver these ambitions and our good growth principles, we will seek the best balance between quantity and quality of growth to ensure benefits for businesses, people and the environment and reduced inequalities. Decision making and project appraisal mechanisms will support this approach.

The additional jobs, income and business growth to be created will enable the City Region to be well on the way to its aspiration of **becoming a 'net contributor' to the UK economy** in terms of the tax revenues it raises.

Currently the City Region contributes approximately £300 per capita below average in tax revenues compared to the rest of the UK (excluding London).** Creating 35,000 net additional new jobs at UK average wage levels would close this gap and make the City Region an above average contributor to UK PLC. As stated above, the Growth Deal and associated investments are forecast to create this number of jobs.

* Population growth forecasts are for an extra 51,000 working age (16-64) people in the 20 years to 2036 due to natural change and migration, rising to approximately 64,000 due to future changes to the retirement age.

** The definition used is based solely on tax raised (not the gap between that and spending). UK figures exclude London given its exceptional nature as a major world city and the way its associated tax base would artificially skew analysis. Figures used in gap reduction calculations are based on baseline forecasts in other parts of the UK.

To enable progress to be tracked annually and in line with the breadth of our vision for good growth, success will be judged against five headline economic indicators (see Chapter 2). The goal will be to perform better on all of these measures year by year to benefit people and businesses, and to leapfrog the performance of other city regions, hence improving our position compared to national averages.

Additionally, on skills, our long term ambitions are to become a 'NEET-free' City Region with all young people in employment, education or training, and for high level skills that meet or exceed the national average. The headline indicators draw on core economic measures and fuller expert analysis on monitoring inclusive growth in Leeds City Region, which we will utilise in full as a supporting data set.* They are:

- **Growth and Productivity:** total economic output (GVA) and output per hour worked.
- **Employment:** employment and economic inactivity rates.
- **Earnings:** median incomes and incomes of the bottom 20% of earners.
- **Skills:** % of the working age population with qualifications at degree level or equivalent and the % with five good GCSEs.
- **Environmental sustainability:** CO2 emissions per capita and fuel poverty levels.

In parallel with success on these indicators, we will track progress against wider, equally important goals that cannot be measured in numbers alone. These include using available evidence – combining qualitative factors, wider data sets, and tangible change on the ground that affects people and businesses – to assess progress in areas such as innovation, exploitation of technology and digital opportunities, quality of life, quality of place, environment and culture. Where data allows, we will also monitor the extent of inequalities within a range of headline indicators with a view to these decreasing over time.

* C. Beatty et al, A framework of indicators for measuring inclusive growth, CRESR, Sheffield Hallam University, July 2015

DEVOLUTION, THE NORTH AND THE NATIONAL POLICY CONTEXT

THERE HAVE BEEN IMPORTANT CHANGES IN BOTH LOCAL GOVERNANCE AND IN THE NATIONAL APPROACH TO DEVOLUTION SINCE THE PUBLICATION OF OUR FIRST SEP IN 2014. THE COMBINED AUTHORITY WAS ESTABLISHED IN APRIL 2014, AND WORKS WITH THE LEP AS TWO SIDES OF THE SAME COIN. THE LEP, WHICH INCLUDES POLITICAL LEADERS FROM ACROSS THE CITY REGION, SETS OVERALL ECONOMIC STRATEGY, WHILE THE COMBINED AUTHORITY PROVIDES LOCAL DEMOCRATIC ACCOUNTABILITY AND A CLEAR LINK TO THE LOCAL AUTHORITIES.

Building on these governance structures, Spring 2015 saw the agreement of a first stage Leeds City Region **devolution deal** with the coalition government, giving council and business leaders greater influence over long term planning and investment decisions on adult skills, transport, housing and support for small businesses.

The deal opened the door to new ways of working locally, e.g. between the Combined Authority and the LEP, as well as with national agencies including UKTI, the Homes and Communities Agency, Highways England and Network Rail. The Combined Authority therefore now has more scope than previously to influence national planning and investment decisions, so that they are better shaped by, and responsive to, local priorities.

The first stage devolution agreement allows for conversations with government on the further devolution of powers and investment. Following the July 2015 Spending Review, proposals including 27 'asks' were submitted by the City Region in September 2015 to the Treasury to secure a transformational deal for devolved fiscal budgets, and associated powers or responsibilities over transport, housing, skills and employment, business, energy and flood alleviation and resilience.

The 'asks' cover the geography of the City Region, and provide for a directly elected City Region Mayor by May 2017, subject to consultation and consent by the Combined Authority and its member Councils. The agreement of an ambitious deal would serve to accelerate the realisation of the City Region's economic ambitions and deliver a Northern Powerhouse that competes on a global stage and rebalances the UK economy.

Looking ahead, the Combined Authority and the LEP will, on behalf of the City Region, continue to work with government to achieve the comprehensive devolution that would provide the powers and resources necessary to achieve the City Region's ambitions.

LEEDS CITY REGION IS AT THE VERY HEART OF THE 'NORTHERN POWERHOUSE'. GEOGRAPHICALLY WE BIND THE NORTH TOGETHER; ECONOMICALLY WE ARE ITS BIGGEST CONTRIBUTOR OF BUSINESSES, OUTPUT AND JOBS; AND POLITICALLY WE ARE AT ITS FOREFRONT. WORKING CREATIVELY AND IN COLLABORATION WITH ALL PARTS OF THE NORTH, OUR AMBITIOUS, DETERMINED, CAN-DO SPIRIT WILL DRIVE ITS REVITALISATION.

The result will be a second, globally significant, UK powerhouse economy that complements London and the South East. By unleashing the full, collective economic potential of the North our growth will be more rapid and more sustainable. We will transform the lives of millions, add many thousands of jobs and billions to economic output, and maximise our contribution to UK PLC.

The devolution of power and budgets that we seek will be intrinsic to achieving our vision and that of the Northern Powerhouse, enabling better prioritisation and decision making and more cost-effective action. Additionally, there are fields where businesses, public bodies and the community sector can make progress by working together across the North independently of government.

This type of cooperation is already happening – for example, with Rail North and Transport for the North. These initiatives are led by the North and have already brought far greater local control over new rail franchises as well as wider influence on transport proposals. Ultimately they will result in local control over substantial transport budgets for the North.

But pan-northern collaboration is not just happening on transport. There are also key aspects of innovation, access to finance, supply chains and skills in which dialogue and action is underway because it makes sense to consider approaches at a larger geographic scale.

Our strategy for the City Region economy is aligned strongly with that for the rest of the North. The recent Northern Powerhouse Independent Economic Review sets out four pan-Northern 'prime capabilities' and three 'enabling capabilities' that will drive northern growth (see Figure 1 overleaf). These are key economic sectors in which the City Region also has pronounced strengths.

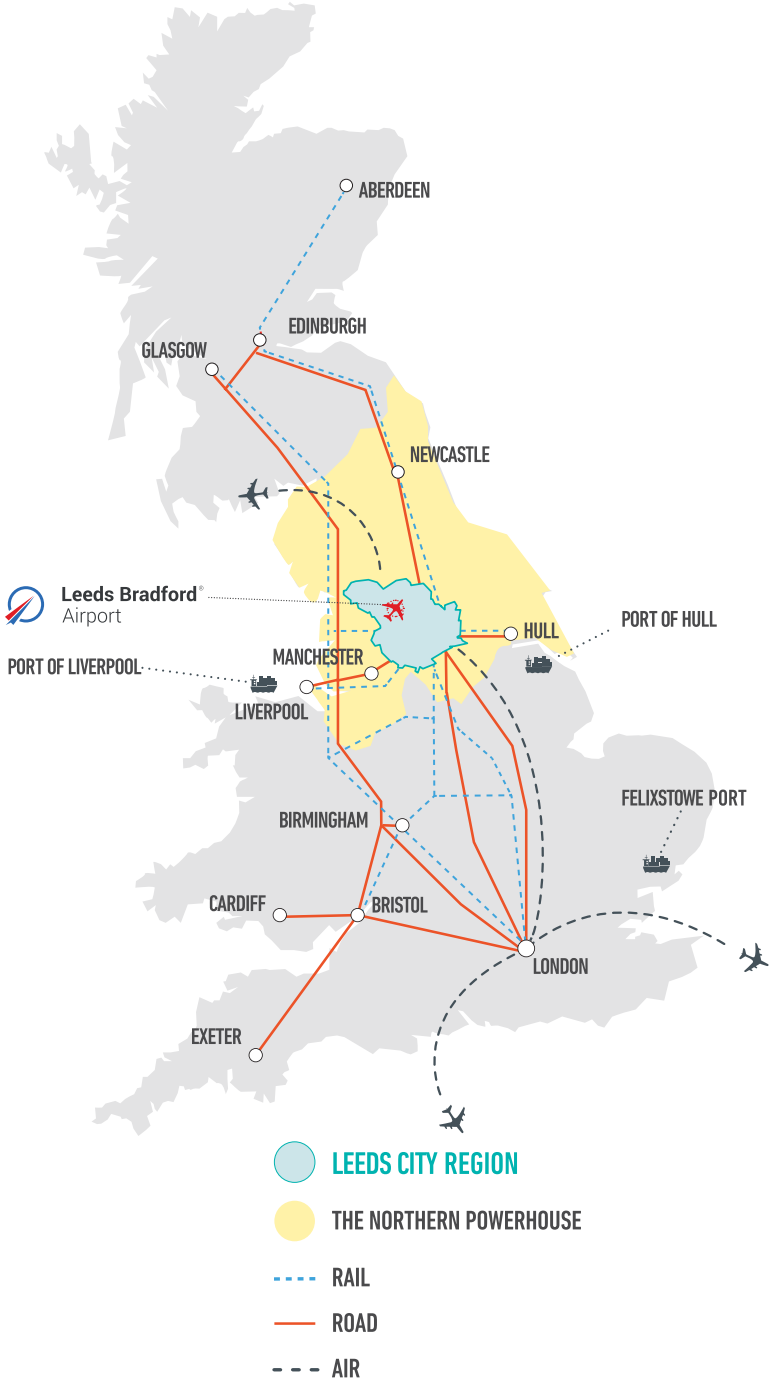
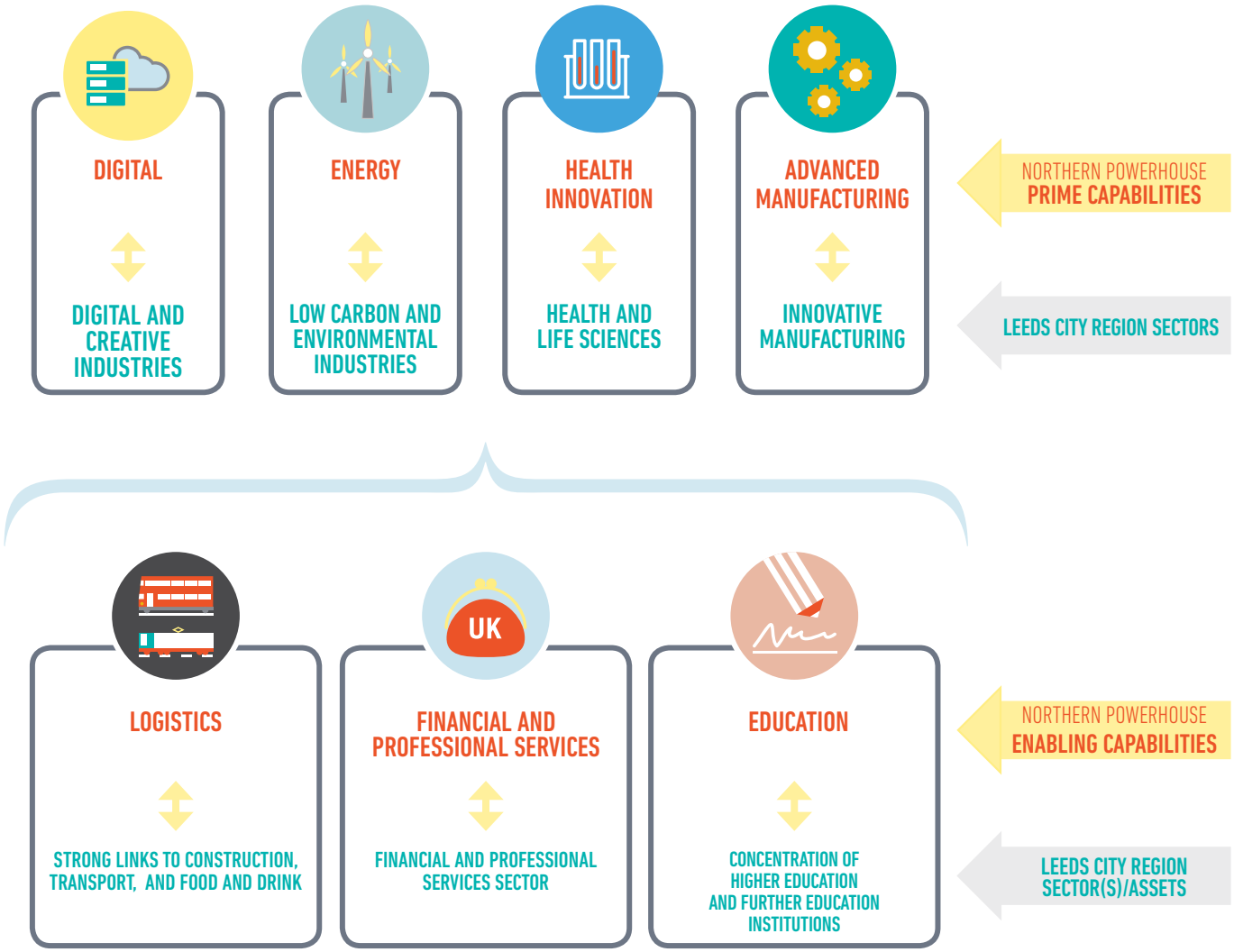


FIGURE 1

CONNECTION BETWEEN LEEDS CITY REGION SECTORS AND NORTHERN POWERHOUSE CAPABILITIES (SECTORS)



Leeds City Region will work with others across the North, and especially neighbouring Local Enterprise Partnerships and Combined Authorities, to implement our priorities wherever there are advantages in doing so. This will include co-ordination of activity in areas that fall within both Leeds City Region and another LEP area (as in the case of Barnsley, York, Harrogate, Craven and Selby), central roles in Northern transport initiatives, and joint work with big cities such as Manchester and Sheffield in framing our combined offer.

More widely, the priorities in this strategy support the delivery of national priorities and strategies, such as those for productivity and industry, innovation, skills and apprenticeships, transport, housing and infrastructure, energy, flood resilience and natural capital.

THE DIGITAL AGENDA: ACCELERATING GOOD GROWTH IN LEEDS CITY REGION

The digital revolution is enabling growth across all businesses and sectors, including the public sector. It is one of the greatest sources of disruption that businesses and organisations can apply to drive innovation in the way they work and in the products and services they deliver, with the outcome being higher efficiency, productivity and growth. The City Region economy is well placed to capitalise on this for a number of reasons.

We are home to a **diverse and thriving digital sector whose growth is a priority in its own right.** Mapping carried out in 2015 identified around 8,500 businesses here which self-identify as offering digital or technology related services. These businesses employ around 70,000 people and are operating across areas including IT and data, hardware, health and social care, wifi and connectivity, financial technology, the internet of things and gaming. Alongside this, the City Region is home to a **network of unique digital assets, capacity and capability and a critical mass of systems, physical infrastructure and skills that are enabling growth across all sectors.** If harnessed, these have the potential to set the City Region apart from other places, not just in the UK but globally. Collaboration platforms such as IX Leeds, one of only three internet exchanges in the UK and the only one outside London; and the Leeds node of the Open Data Institute which is one of 22 nodes across 15 countries, are providing individuals, businesses and public sector organisations with opportunities to collaborate for mutual benefit.

At the heart of this sits data, around which our higher education assets have a key role. The University of Leeds was ranked first for Big Data in the 2013 Witty Review, and is home to the Leeds Institute for Data Analytics, offering space for collaboration, analysis of data, access to academics and students, and high performance computing assets. Part of a national network of 'catapults', the Digital Catapult at the University of Bradford works with start-ups, businesses and academics to focus on opportunity around personal, private, licensed and internet of things generated data. Our ambition is for Leeds City Region to be a globally recognised centre for the collection, use and protection of big data, helping to drive not just business growth but also improved outcomes for the economy, society and the environment. We have the potential here to shape for the better the way people receive services from education to public transport and healthcare.

In **digital health** our vision is already crystallising. The City Region is home to a distinct 'healthcare ecosystem'. This ranges from the research excellence within our universities to world leading innovative companies and a public infrastructure of teaching hospitals, government departments and national bodies. This ecosystem – and the critical mass of knowledge, investment and decision making it brings – gives the City Region competitiveness on a national and international scale. Alongside significant higher education institution assets such as the Digital Health Enterprise Zone at the University of Bradford, the City Region is home to the two market leading primary healthcare health IT systems (EMIS and TPP), the largest healthcare data platform in the world (NHS Spine) and the NHS Health and Social Care Information Centre. (HSCIC)

The opportunities that can be exploited through a strategic focus on digital, technology and knowledge, as well as innovation, creativity and open mind sets are huge. To maximise them, we will focus on a number of core elements to be set out in a **Digital Delivery Plan**, and linked to the Headline Initiative of becoming a **global digital centre.** In advance of this, initial action areas are set out in every priority of this strategy. These include stimulating business appetite to use, develop and invest in new digital and technology approaches; working with universities in the drive to commercialise new ideas; developing a 'tech talent' pipeline that starts with developing young digital and coding talent in schools and further education colleges; and ensuring the right infrastructure is in place to digitally enable our economy.

REFRESHING AND DELIVERING THE STRATEGIC ECONOMIC PLAN

THE FIRST SEP WAS SUBMITTED TO GOVERNMENT IN MARCH 2014, ESTABLISHING AN AMBITIOUS PROGRAMME OF INVESTMENT AND DELIVERY. IT ACTED AS THE BASIS FOR SECURING THE COUNTRY'S LARGEST GROWTH DEAL SETTLEMENT, PROVIDING OVER £1 BILLION IN GOVERNMENT INVESTMENT, AND ESTABLISHING A GROUND BREAKING TRANSPORT FUND FOR THE CITY REGION TO HELP RECTIFY DECADES OF UNDERINVESTMENT. TWO YEARS ON MUCH HAS BEEN ACHIEVED, WITH GOOD PROGRESS MADE ON UNLOCKING INVESTMENT, SUPPORTING BUSINESSES TO GROW AND CREATING NEW JOBS. THIS HAS HAPPENED IN THE CONTEXT OF WHAT REMAINS A VERY MIXED GLOBAL ECONOMIC OUTLOOK.

In keeping with our intention to remain at the leading edge of LEP and the Combined Authority thinking and delivery, and despite there being no formal requirement from government to do so, we have refreshed the SEP in order to ensure that the strategy continues to serve the City Region and its ambitions. This does not mean starting from scratch. The emphasis is on taking stock as part of a continual process of fine tuning and update, ensuring that we are continually learning and alive to opportunities, and that we are swift and proactive in our response to change.

The SEP is the long term plan for good growth. It recognises that transformational change cannot be delivered by Combined Authority and the LEP alone. It can only be **delivered in partnership** and therefore acts as the framework for long term engagement with others in the City Region and beyond – working across the private, public and third sectors to coalesce investment, action and delivery around a shared intent for good growth.

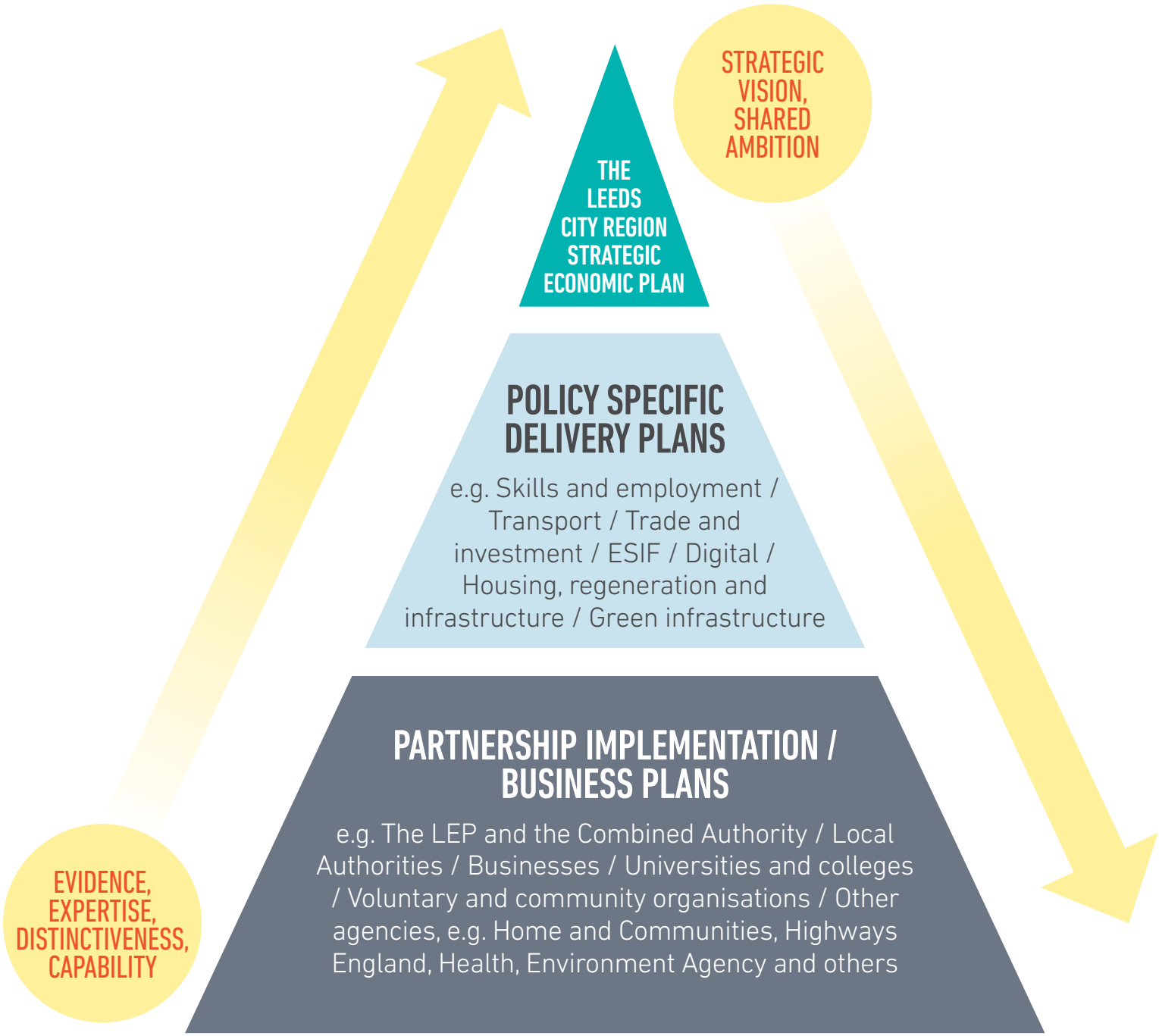
The strategy is intentionally high-level and retains the flexibility needed to ensure the City Region can respond rapidly to events that have the potential to bring major economic opportunity or harm. Within the Combined Authority and the LEP, **the SEP sets the economic policy framework for a series of interconnected delivery plans** that will detail what will be delivered, the partnership required to do this, by when and with what funding in specific policy areas. These include plans for Skills and Employment, Digital, Transport, Green Infrastructure, Trade and Investment, and Housing, Regeneration and Infrastructure.

Significantly, **the SEP has a clear and mutually reinforcing relationship with the ESIF.** The two are wholly aligned, notably on the goal for good growth, and as such the ESIF will be a vital tool in helping to deliver the SEP including at a community level. It is a key route to harnessing the resources and capacity of a broad range of partners, and in so doing, will ensure that impacts are combined and maximised to deliver lasting outcomes for businesses, people and places. For example, whilst not led by the LEP or the Combined Authority, tourism and the visitor economy can benefit the City Region economy (including rural areas). Delivery of action and investment by others, linked to destination planning, will help to implement ESIF priorities.

The strategy also supports and is supported by strategies and plans produced by partners such as local authorities. These include specific and often localised detail on economic development, infrastructure (including transport, digital, employment sites, etc.) and employment and skills. Links to local authority area priorities are covered in Chapter 2. There are also mutual benefits in making connections with the investment of partners in areas including housing, health, planning, inclusion and the environment. These partnership delivery plans, taken as a whole, will support achievement of the ambition set out in this SEP. Figure 2 demonstrates this relationship between strategy and partnership delivery.

FIGURE 2

IMPLEMENTING THE SEP THROUGH DELIVERY PLANS



THE LEP AND THE COMBINED AUTHORITY HAVE A CORE FUNCTION TO PERFORM ON BEHALF OF THE CITY REGION IN RELATION TO THE SEP. WE WILL FACILITATE AND ENABLE ACTION, ESPECIALLY BY THE PRIVATE SECTOR, AND WILL BROKER DIALOGUE AND ACTION ACROSS STAKEHOLDERS AND CONTINUE TO EXTEND THE ESSENTIAL PARTNERSHIPS AND INVESTMENT THAT WILL UNDERPIN SUCCESS.

This will help Leeds City Region to utilise the huge wealth of knowledge and capacity held within its stakeholders and partners to design, invest in and deliver high quality programmes that meet the needs of business, people and communities. **Partners have key roles to play**. For example, businesses will be at the heart of driving growth, the public sector can help to facilitate and enable progress, the voluntary sector are adept at connecting to communities, while universities and the further education sector help create the talented pipeline of people we need to support success.

We will also work with partners across sectors to amplify the City Region's voice and presence and to make the case for investment here, be that by business or government, and will continue to work in partnership with government to go further on devolution. We seek the power needed to shape our economic future because that is the best way to take the decisions needed to build the prosperous and inclusive Leeds City Region economy of the future.

CONCENTRATED UNIVERSITY EXPERTISE AND TALENT

LEEDS CITY REGION HAS NINE UNIVERSITIES AND HIGHER EDUCATION INSTITUTIONS, MORE THAN ANY UK ECONOMY OUTSIDE LONDON.

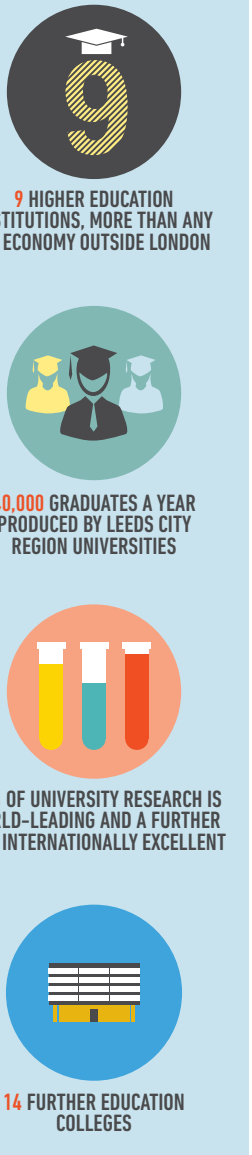
These institutions produce over 40,000 graduates per year and are as relevant nationally and internationally as they are locally. 23% of their research is judged to be world leading with a further 42% internationally excellent and they are actively involved in government's Science and Innovation Audits to further identify areas of global research and innovation competitive advantage.

Leeds City Region institutions can demonstrate excellence across research areas as diverse as regenerative medicines, bio-science, medical technologies, robotics, polymers, advanced textiles, metrology, data analytics and advanced turbo technologies.

Their reputation, expertise and the outstanding pool of graduate and post graduate talent they produce makes them a distinctive and globally significant asset. Additionally, the City Region's 14 further education colleges are linked to business and complement our universities in training the workforce of the future and building the technical and wider skills needed by industry.

Besides their importance in advancing innovation and attracting hundreds of thousands of students, universities also support graduate start-ups and internationalisation (e.g. through networks, foreign students and alumni) and play an important role in enhancing and raising the profile of towns and cities.

They are vital local anchor institutions that boost skills and labour markets, drive high quality development, attract investment, stimulate enterprise, and employ many thousands of staff in highly skilled, good quality jobs. This adds up to a huge input to local spending and supply chains. Hence universities and further education colleges will be key partners in delivering the SEP, with strong connections to communities and businesses within the City Region and links far beyond it.



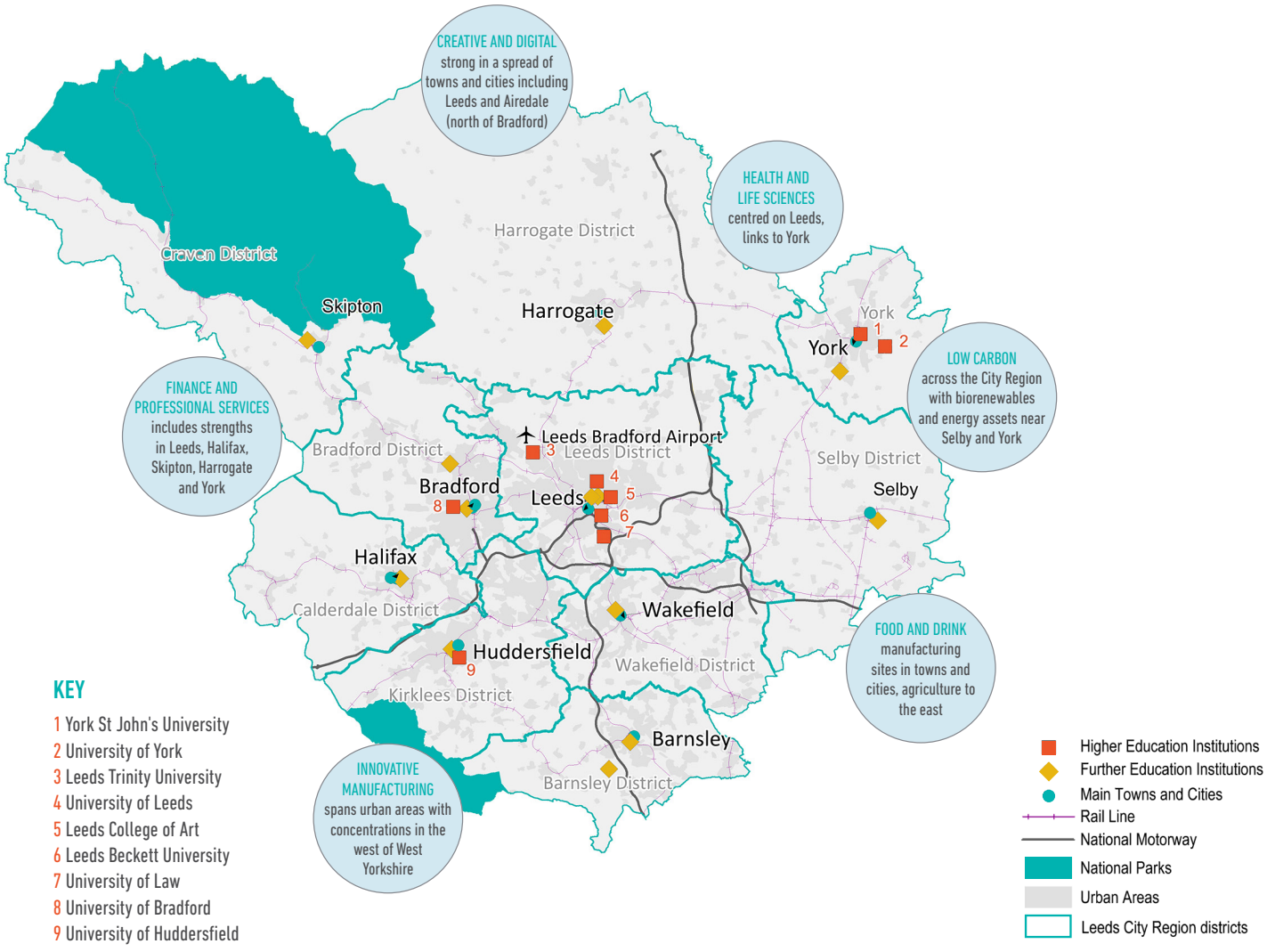
Making the most of the contributions of all partners, the SEP is the framework which will guide investment in support of good growth in the City Region. We will direct our decision making and investment in support of this goal, informed by economic intelligence and evidence. We will challenge the status quo, learn and horizon scan across policy domains and continue to apply well-established, robust, transparent and accountable governance arrangements. The LEP and the Combined Authority will lead by example, applying the principles of this strategy to everything we do. This includes refreshing the way we appraise and measure the impact of activity (see Chapter 4) to ensure it is not just the quantity of jobs and growth that is assessed, but also the quality.

CHAPTER 2

LEEDS CITY REGION: PLACES, ASSETS, OPPORTUNITIES AND CHALLENGES

LEEDS CITY REGION – MORE THAN THE SUM OF ITS PARTS

The Leeds City Region economy covers a large and diverse geographical area, and yet functions as a coherent economic unit in which the great majority of residents both live and work. The map shows the City Region area, its key sectoral assets, its exceptional concentration of universities, and the principal transport routes.



KEY

1 York St John's University
2 University of York
3 Leeds Trinity University
4 University of Leeds
5 Leeds College of Art
6 Leeds Beckett University
7 University of Law
8 University of Bradford
9 University of Huddersfield

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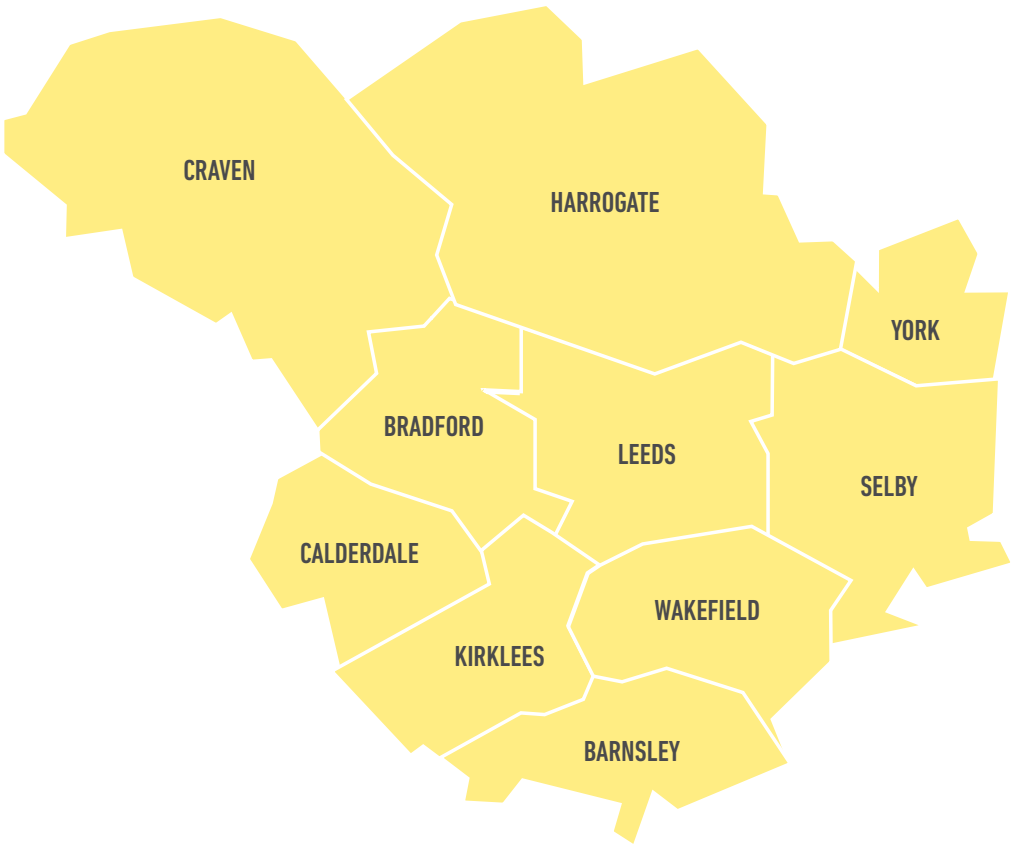
LEEDS CITY REGION OVERVIEW:
THE STORY OF OUR PLACE



THE CITY REGION IS A DIVERSE AND POLYCENTRIC ECONOMY, MADE UP OF MAJOR CITIES, TOWNS AND COUNTRYSIDE, EACH WITH DISTINCTIVE ASSETS, ECONOMIC ROLES AND PRIORITIES.

The opportunity to leverage the assets of each city and town – across urban and rural areas - in order to attract people and investment and to drive growth is huge. When aligned to wider policy objectives, for example on flood mitigation, clean energy, health and wellbeing, and economic inclusion, the impacts are amplified further.

The City Region is equally diverse in relation to the differing levels of economic and social prosperity within its boundaries. Whilst it is home to some of the most prosperous neighbourhoods in the UK, too many neighbourhoods are amongst the poorest and have not benefited from growth.

This pattern of growth sees parts of our City Region still working hard to restructure their economies and business base, reinvigorate their population centres and address long standing issues on skills, deprivation and health for example.

LEEDS IS THE CORE CITY WITHIN THE CITY REGION, HOME TO A QUARTER OF ITS POPULATION AND A THIRD OF JOBS. IT PLAYS A CRITICAL ROLE IN DRIVING ECONOMIC GROWTH AND VALUE, FOR THE CITY REGION, THE NORTH AND THE UK.

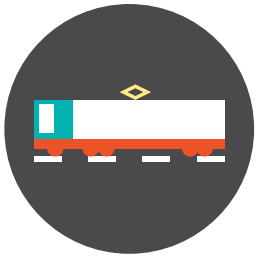
Four universities sit alongside a diverse business base – Leeds is home to a major financial and professional services sector and also has concentrations of globally significant manufacturing, healthcare and digital technology firms.

Already home to the busiest rail station outside London, Leeds is set to cement its role as a central East-West and North-South transport hub through the arrival of HS2. This is accelerating what is already one of largest regeneration projects and new business locations in Europe: Leeds South Bank, which is emerging as a world-class business location with superior digital infrastructure and scope to accommodate 35,000 new jobs and 4,000 new homes. Growth is increasingly spread beyond the city centre. Sites such as Thorpe Park, White Rose Office Park, Kirkstall Forge and the Aire Valley Enterprise Zone are driving this, as will proposals to allocate 36 hectares of high quality employment land to house 5,500 jobs adjacent to Leeds Bradford International Airport, the UK's fastest growing airport, and a new major area of employment land at Capitol Park at Tingley.

Leeds has a visitor offer that is underpinning its economic ambitions, spreading across retail, leisure, culture and sport. This will be boosted further through the Leeds Capital of Culture bid in 2023. The city is seeking the redevelopment of Headingley stadium to retain international cricket.

The city is not without its challenges. There is further to go to drive productivity through innovation, investment and skills for example. Furthermore, through its Strong Economy, Compassionate City work, the Council is also integrating its approach to economic growth and tackling poverty to build a more resilient economy where everyone in the city can contribute and access economic opportunities.

HOME TO A MAJOR
FINANCIAL AND PROFESSIONAL SERVICES SECTOR



BUSIEST RAIL STATION
OUTSIDE LONDON

LEEDS SOUTH BANK
IS ONE OF EUROPE'S LARGEST REGENERATION DEVELOPMENTS

LEEDS-BRADFORD AIRPORT
UK'S FASTEST-GROWING AIRPORT

BRADFORD IS THE FIFTH LARGEST CITY AUTHORITY IN THE UK AND HAS A £9.2 BILLION ECONOMY. OVER 525,000 PEOPLE LIVE IN THE CITY AND WIDER DISTRICT IN AN ATTRACTIVE MIX OF URBAN AND RURAL SETTINGS, INCLUDING KEIGHLEY, ILKLEY, SHIPLEY AND HAWORTH.

With nearly a quarter of the population aged under 16, Bradford is the youngest city in the UK. It is home to a rich and diverse population and has a reputation for enterprise, culture and creativity.

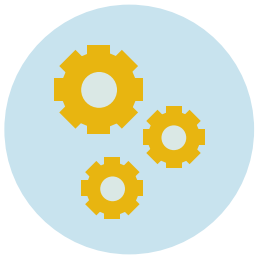
The city's scale, dynamism and international outlook is at the centre of its plans for growth. Bradford is the 'Producer City' at the heart of the North, with above average concentrations of production business and employees across manufacturing, energy and utilities.

This sits alongside major company headquarters in retail, finance and advanced engineering and strengths in digital technologies. These are further enhanced through the new Digital Health Enterprise Zone and connections to the academic excellence flowing from the technology-led University of Bradford and its world ranked School of Management. Cultural industries assets include the National Media Museum, Saltaire World Heritage site, Bronte Country, the Alhambra theatre and Bradford's status as the world's first UNESCO City of Film.

The major regeneration of Bradford in recent years is continuing with close to £1 billion of investment in the pipeline. The City Centre Growth Zone has redefined Bradford's offer, providing for high quality office and residential schemes complemented by new retail and leisure outlets including the Broadway Shopping Centre and the awarding winning City Park open space. This, alongside strategic action to create a vocationally led, business focussed education and skills offer, is helping to create the right conditions for investment to deliver on the city's growth potential.

Better skills, more good jobs and a growing economy are central to the district's plan to improve health, tackle inequality and foster self-reliant and strong communities. Whilst only 10 miles from Leeds, there is scope to much improve transport links between the two cities, enhancing their combined offer and interconnections.

YOUNGEST CITY IN THE UK (QUARTER OF RESIDENTS AGED UNDER 16)



PRODUCER CITY ABOVE AVERAGE CONCENTRATIONS OF PRODUCTION BUSINESSES

WORLD'S FIRST UNESCO CITY OF FILM

£1BILLION INVESTMENT PIPELINE

KIRKLEES IS ONE OF THE LARGEST LOCAL AUTHORITY AREAS IN ENGLAND, AND INCLUDES THE MAIN CENTRE OF HUDDERSFIELD, SIZEABLE TOWNS SUCH AS DEWSBURY, CLECKHEATON AND HOLMFIRTH AND EXTENSIVE SEMI-RURAL AREAS SUCH AS IN THE COLNE AND HOLME VALLEYS.

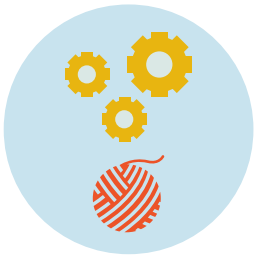
It has strong commuting and business connections to Leeds, relationships to neighbouring areas such as Calderdale, Bradford and Wakefield, and important links to Manchester and Sheffield. The Kirklees Economic Strategy takes advantage of this context by positioning the District as the best place to do business in the North of England.

Assets of city regional importance include world leading engineering and textile businesses, cutting edge innovation and creative businesses, East-West transport transport connections and easy access to Pennine and Peak District landscapes – although improved North-South road connections to Halifax, Bradford and Sheffield are needed.

The University of Huddersfield is a major anchor institution, the winner of a recent 'University of the Year' award and has pronounced strengths in engineering, metrology and innovation. It is helping to drive the ongoing regeneration of the town centre and to raise the town's international profile, supported by excellent local schools and colleges.

Kirklees' priorities include regenerating Huddersfield and North Kirklees and providing much needed space for businesses to grow. In Huddersfield, key mixed use developments include HD One, the Waterfront Quarter and St George's Quarter, whilst there are major employment growth opportunities at Cooper Bridge, Chidswell and through the M62 Enterprise Zone sites at Lindley Moor and Mirfield.

In nearby Dewsbury, more transformational economic overhaul is required and ambitious proposals for housing growth seek to kick-start this revival. The North Kirklees Growth Zone is a key asset in this respect. Across the district, the Council has aligned its strategies for the economy and for health and wellbeing, and is seeking inclusive growth that benefits quality of life and reduces inequalities – tying into this strategy's good growth goals.



HOME TO WORLD-LEADING
ENGINEERING AND TEXTILE BUSINESSES

UNIVERSITY OF HUDDERSFIELD
UNIVERSITY OF THE YEAR 2013

IMPORTANT LINKS TO
LEEDS, MANCHESTER AND SHEFFIELD

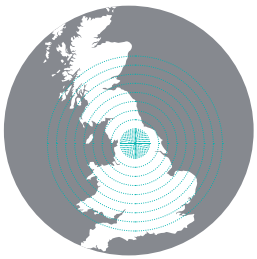
WAKEFIELD DISTRICT IS ONE OF THE MOST ACCESSIBLE PLACES IN THE UK. SITUATED AT THE HEART OF THE UK'S TRANSPORT NETWORK IT INCLUDES THE MAIN POPULATION CENTRES OF WAKEFIELD CITY, OSSETT AND HORBURY IN THE NORTH WEST; THE FIVE TOWNS OF NORMANTON, CASTLEFORD, PONTEFRACT, FEATHERSTONE AND KNOTTINGLEY IN THE NORTH EAST; AND HEMSWORTH, SOUTH ELMSALL, SOUTH KIRKBY AND UPTON IN THE SOUTH EAST.

Wakefield's accessibility and the availability of land to accommodate housing and economic growth have put it in a strong position and it now has an annual economic output of almost £6.5 billion, making it the fourth largest in Leeds City Region and the 30th largest economy in the UK.

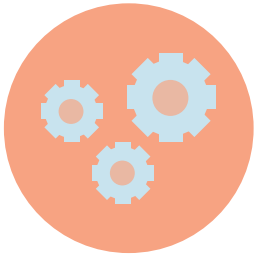
Wakefield's issues and opportunities are well understood, and its priorities are being driven through a shared district wide Jobs and Growth Plan. The principal economic sectors in Wakefield are motor trades, retail and wholesale, manufacturing and transport and storage, as well as public services (which includes health).

Wakefield has made notable improvements to its employment rate over recent years, which is broadly in line with the wider City Region. Positive steps are being taken to improve its skills position with the recent delivery of a university centre in the district and a highly successful apprenticeship scheme.

Wakefield's challenge is to build and sustain its success – and it is fully committing to and planning for that through the launching of a Good Growth Action plan with stretching but achievable targets. The regeneration of Castleford Waterfront and the Kirkgate area of Wakefield city centre are the next steps in delivering urban transformation.



SITUATED AT THE HEART OF THE UK'S TRANSPORT NETWORK



STRENGTHS IN MANUFACTURING, LOGISTICS AND AUTOMOTIVE

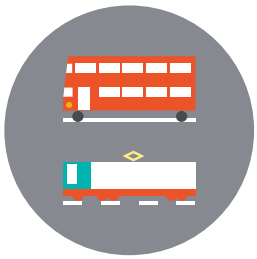
HOME OF MODERN BRITISH SCULPTURE, THROUGH THE HEPWORTH WAKEFIELD AND YORKSHIRE SCULPTURE PARK

THE DISTRICT'S MAIN TOWN OF HALIFAX ENJOYS A CENTRAL LOCATION IN THE NORTH WITH GOOD CONNECTIONS TO CENTRES ACROSS WEST YORKSHIRE AS WELL AS TO YORK, MANCHESTER AND LANCASHIRE. THESE WILL BE STRENGTHENED FURTHER THROUGH THE ELECTRIFICATION OF THE CALDER VALLEY RAIL LINE.

It is an important centre for financial services and manufacturing, with strength in smaller businesses in the digital and creative sectors and pioneering green businesses. These sectors are attracted to towns in the Upper Calder Valley like Mytholmroyd, Hebden Bridge and Todmorden, each offering attractive living and working locations. The ability for these and others to recover from 2015 flooding, and to be protected against future catastrophic events are critical.

Calderdale has a thriving visitor economy offer – with cultural assets such as the Piece Hall and Eureka! sitting alongside a superb outdoor adventure, walking and cycling offer. Dean Clough and the Broad Street Plaza demonstrate the successful approach being taken to transforming the district's business and leisure offer, with a £100 million partnership programme of investment in place to further transform Halifax. There is scope for further housing growth and for an enhanced education offer through a proposed Vocational Higher Education Institution for Digital Manufacturing.

There is much to build on but equally challenges to diversify the business base and build resilience, address skills gaps and deliver the right physical offer to businesses to support enterprise and growth.



GOOD TRANSPORT LINKS TO MANCHESTER AND LEEDS

THRIVING INDEPENDENT BUSINESSES IN CREATIVE, DIGITAL AND GREEN SECTORS

OUTSTANDING VISITOR ECONOMY OFFER

£100M INVESTMENT PROGRAMME TO TRANSFORM HALIFAX

YORK IS ONE OF LEEDS CITY REGION'S MAJOR ASSETS. IT HAS BEEN VOTED THE PLACE PEOPLE MOST WANT TO LIVE IN ENGLAND, HAS A GLOBAL REPUTATION FOR CULTURE AND HERITAGE, IS HOME TO A WORLD LEADING AND EXPANDING UNIVERSITY, AND HAS THE HIGHEST PROPORTION OF PEOPLE WITH A DEGREE EDUCATION IN THE NORTH.

Along with being an in demand location for businesses and people come the challenges of success – a shortage of housing and unaffordable house prices, and a lack of business space. As York's economic strategy makes clear, whilst tourism will continue to play an important role in the city, future growth intentions are centred around high value business, R&D, developing more high quality office space, inward investment and higher waged jobs.

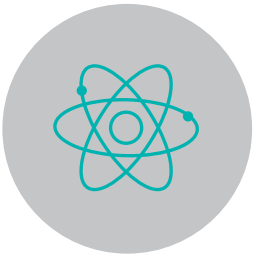
At the heart of the city and its rail gateway, the York Central Enterprise Zone and High Speed Hub is a key opportunity for York and Leeds City Region, and this will be complemented by other employment and housing development sites.

Adding to strengths in the City Region's financial and business services sector and its rail sector, there are excellent opportunities in the agri-tech and bioeconomy sectors, linked to major R&D assets and business growth at Sand Hutton and Heslington East.

More widely there is opportunity to better utilise and retain graduate talent, to increase incomes, and to take full advantage of York's position as a key centre in its own right, and one with excellent connections to other centres including Leeds, Harrogate, Bradford, London and Edinburgh.

VOTED THE PLACE PEOPLE MOST WANT TO LIVE IN ENGLAND

HIGHEST PROPORTION OF DEGREE-EDUCATED PEOPLE IN THE NORTH



NOTABLE STRENGTHS IN FINANCIAL AND BUSINESS SERVICES, RAIL, AGRI-TECH AND BIOECONOMY SECTORS

LOCATED IN SOUTH YORKSHIRE, AND INCLUDING SEMI-RURAL CENTRES SUCH AS PENISTONE, BARNSLEY HAS LINKS TO SHEFFIELD AS WELL AS TO LEEDS CITY REGION.

It has had recent success in securing investment and and to one of the highest rates of private sector job growth in the UK.

This is alongside strong progress made in raising the overall employment rate and driving down the number of young people not in education, employment or training. This has been vital in a district that has worked hard to redefine its economic role following the decline of its traditional mining and industrial base.

The district's Jobs and Business Plan 2014-17 sets the framework for continuing this progress and focuses on narrowing the economic performance gap between Barnsley and the regional and national average.

Closely aligned to this is a commitment to enabling not just more but also better jobs through a targeted employment and skills strategy. Both strategies seek to maximise opportunities provided by sectors including advanced manufacturing, construction and logistics to drive better outcomes for local people.

AMONG THE **HIGHEST RATES** OF PRIVATE SECTOR JOB GROWTH IN UK

STRONG PERFORMANCE IN RAISING EMPLOYMENT RATE AND REDUCING YOUTH UNEMPLOYMENT

NOTABLE RECENT **INWARD INVESTMENT SUCCESSES**

THE HARROGATE DISTRICT IS A £4 BILLION ECONOMY ENJOYING HIGH EMPLOYMENT AND STRONG LEVELS OF ENTERPRISE. RESIDENT EARNINGS ARE ABOVE AVERAGE, AS ARE SKILLS, WITH 46% EDUCATED TO DEGREE LEVEL.

The economy is diverse and strong, and vibrant sectors include financial and professional services (with strengths in financial payments technology) and digital, creative and life sciences. It is also home to a renowned visitor economy offer.

The Harrogate International Conference Centre is a key part of this, and the leisure offer reaches from the spa town centre itself to the cathedral city of Ripon, and the scenic towns of Knaresborough, Boroughbridge, Pateley Bridge and Masham, towards the Yorkshire Dales and North York Moors.

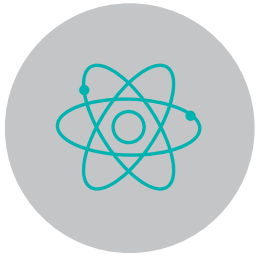
The quality of the natural and built environment, together with good education facilities, creates an attractive area to live, work and visit, supported by strong road and rail connections to Leeds and York.

A significant challenge is that average workplace earnings within the district are lower than regional and national rates and for those residents who commute elsewhere. This is, in part, linked to a high proportion of part-time work, driven by large numbers of service sector jobs in hospitality, retail and residential care. This is compounded by high house prices and a costly private rental market. There are also challenges around the availability of suitable business premises, peak hour congestion and transport connectivity.

46% OF RESIDENTS EDUCATED TO DEGREE LEVEL

ABOVE-AVERAGE RESIDENT EARNINGS

THRIVING VISITOR ECONOMY OFFER



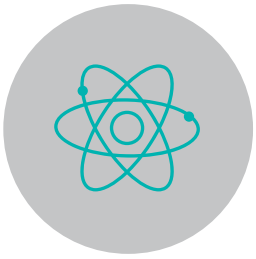
NOTABLE STRENGTHS IN FINANCIAL AND PROFESSIONAL SERVICES, DIGITAL, CREATIVE AND LIFE SCIENCE SECTORS

THE DISTRICT OF SELBY SITS ON THE EASTERN BOUNDARY OF LEEDS CITY REGION WITHIN THE COUNTY OF NORTH YORKSHIRE.

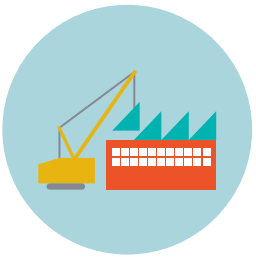
The district of Selby sits in on the eastern boundary of Leeds City Region within the county of North Yorkshire. Both the market town of Selby and the wider district are home to many highly skilled and paid employees, many of whom travel each day to Leeds, York and beyond. Its economy is characterised by manufacturing, distribution, construction and energy production; drawing its employees from the district's market towns and villages, as well as neighbours including the East Riding, Wakefield and Doncaster.

Looking ahead, the district has a key role to play in providing space for business growth in the Leeds City Region. Three key sites provide the focus for this, including; 'Sherburn 2', adjacent to Sherburn Enterprise Park, on the border of Leeds and aligned to the growth aspirations set out for the east of the city; the redevelopment of Kellingley Colliery, a possible catalyst for large scale growth around junction 34 of the M62; and Olympia Park, a large mixed use strategic development site at the end of a potential growth corridor along the A19 for the bioscience and agricultural-technology sectors.

HIGHLY SKILLED RESIDENTS



NOTABLE STRENGTHS IN MANUFACTURING, DISTRIBUTION, CONSTRUCTION AND ENERGY PRODUCTION



LARGE-SCALE DEVELOPMENT SITES OFFER SIGNIFICANT SCOPE FOR BUSINESS GROWTH

CRAVEN DISTRICT LIES IN THE NORTH WEST OF LEEDS CITY REGION, WITHIN NORTH YORKSHIRE, AND IS FLANKED BY LANCASHIRE AND CUMBRIA.

The district contains a variety of high quality landscapes, including the Yorkshire Dales National Park and the Forest of Bowland Area of Outstanding Natural Beauty.

Like many rural areas, Craven faces challenges such as an ageing population, high housing costs, and rural isolation – often as a result of poor public transport connectivity and less well developed physical and digital infrastructure.

Skipton, the district's principle town, enjoys low rates of crime, top-class schools, good transport links to Bradford and Leeds, a vibrant retail offer and beautiful surrounding countryside.

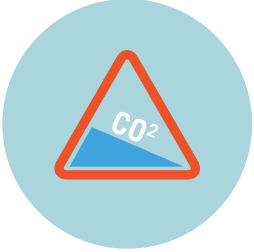
Although the traditional economy retains a predominantly rural flavour; it has diversified, with notable strengths in financial and professional services and leading firms in the health sector.

Challenges include low incomes in more rural and remote parts of the district, in part linked to the extent of the agricultural and tourism sectors. Craven's extensive upland areas add to its quality of life and attractiveness and also make it an important area for green infrastructure and water management.

HIGH QUALITY LANDSCAPES
GATEWAY TO THE YORKSHIRE DALES NATIONAL PARK

DIVERSE ECONOMY
TRADITIONAL RURAL ECONOMY ALONGSIDE STRENGTHS IN FINANCIAL AND PROFESSIONAL SERVICES AND HEALTH

OUTSTANDING
QUALITY OF LIFE



KEY ROLE TO PLAY IN GREEN INFRASTRUCTURE AND WATER MANAGEMENT

PLACES AND GOOD GROWTH

We will apply good growth principles by capitalising on our place-based strengths and assets, whilst at the same time working to address disparities in patterns of growth and their detrimental impacts.

A one-size-fits-all, short term, or ad hoc approach will not deliver the local outcomes we seek, and no one body can be responsible for delivering change. As such, and as set out in detail in Priority 4 of this strategy, our focus on place will harness a broad partnership of organisations across sectors working to achieve a shared ambition, supported by evidence based identification of need and opportunity and prioritised action.

VISITOR ECONOMY, CULTURE AND QUALITY OF PLACE

THE VISITOR ECONOMY IS IMPORTANT TO THE CITY REGION BECAUSE OF THE JOBS AND INCOME THAT ARE SUPPORTED BY THE SPENDING OF PEOPLE FROM OUTSIDE THE AREA. IT THRIVES BECAUSE OF THE MANY FEATURES AND ATTRACTIONS THAT SPAN THE URBAN CENTRES AND RURAL AREAS OF THE CITY REGION, ATTRACTING BUSINESS AS WELL AS LEISURE TOURISM.

These include cultural and sporting assets such as the Yorkshire Sculpture Park and The Hepworth in Wakefield, Saltaire World Heritage Site, the National Media Museum in Bradford, Halifax Piece Hall and Headingley Stadium, as well as concentrations of major visitor attractions and assets in town and city centres such as Leeds, York and Harrogate. It also includes:

- diverse and vibrant towns and cities;
- conferencing and exhibition facilities;
- our magnificent natural environment - including much of the Yorkshire Dales national park, part of the Peak District and other areas of outstanding natural beauty; and
- parks, green spaces and wildlife within towns and cities.

The City Region has excelled in attracting major events in recent years, including the Tour de France and Tour de Yorkshire. These have not only supported tourism and hospitality businesses by attracting substantial visitor numbers, but also helped to build the City Region's domestic and international profile. The extent to which it is possible to enhance this profile, along with the quality of place identified above, is a key factor that affects the City Region's ability to attract and retain skilled and talented people, investment and visitors in a highly competitive and mobile global market place.

A wide range of bodies will be involved in further building our visitor economy, cultural and quality of place assets, and in destination planning. This will primarily be the responsibility of those focused on tourism, sport and culture, and spans activity from local level to that which is best coordinated and taken forward across Yorkshire.

It is hard to assess precisely the scale of the economic contribution of the visitor economy. In total, there are around 136,000 people employed in 'tourism related industries', with this figure including hotels, bars, restaurants, cultural and sporting facilities, etc. which serve a mixture of visitors and local people.

136,000 PEOPLE EMPLOYED IN TOURISM-RELATED INDUSTRIES

EASY ACCESS TO THREE NATIONAL PARKS

21 MUSEUMS AND GALLERIES

STARTING POINT OF **2014 TOUR DE FRANCE** GRAND DÉPART

APPROACH TO EVIDENCE AND PERFORMANCE OVERVIEW

WIDE RANGING AND ROBUST EVIDENCE HAS BEEN USED TO INFORM THIS UPDATED STRATEGY TO ENSURE IT IS COGENT OF CITY REGION STRENGTHS AND CHALLENGES AND REMAINS FOCUSED ON THE KEY ISSUES AND OPPORTUNITIES.

This has included econometric modelling and forecasts; extensive labour market and skills intelligence; tracking progress on key indicators; and expert inputs and bespoke studies to inform specific areas of activity.

A full economic analysis and evidence report has been produced which underpins this document. This section summarises the main points from that analysis, highlighting the messages on economic performance that have informed our four strategic priorities (see Chapter 3) and good growth principles.

Chapter 3 also considers long term trends and concludes by showing how key issues in the evidence are followed through in the strategy's priorities and action points.

ECONOMIC PERFORMANCE – EVIDENCE AND ASSETS

THE WIDER CONTEXT

The future prospects for the City Region are very closely linked to those of the national and global economies. The UK economy has continued to recover from the 2008-09 recession, although the nature of the recovery has been unusual in comparison to those following most previous downturns.

Positively, employment levels have increased rapidly and unemployment has reduced, while inflation is at very low levels. However, wages and productivity have stagnated in this period. The UK as a whole has lower productivity levels than other competitor economies and the North of England has lower levels than nationally.

Major forecasters are suggesting global growth will be dampened in the short term, and that this will contribute to a slowdown in UK GDP growth. We need to be aware that shocks to the economy – positive as well as negative – can occur at any time, since any economic strategy needs to be flexible enough to cope with changing circumstances. Annex 1 looks at a number of different scenarios for the future and some of the strategic options that could be adopted in differing conditions.

A BUSINESSES, ECONOMIC OUTPUT AND PRODUCTIVITY

Key statistics and messages

- The City Region economy is the largest in England outside London and worth £62.5 billion. However, GVA per head of £20,800 in 2014 is just 82% of the comparable figure of £25,400 in England and long term growth rates have typically been below national average, meaning that GVA gaps have widened.

- Productivity – the efficiency with which goods and services are produced – is seen as the most important factor that determines overall living standards. City Region productivity is similar to most core city LEPs in the North and Midlands (at £27 per hour in 2014), but stands at just under 90% of England average. It is rising, but more slowly than average, so the gap against the rest of the UK has also been widening on this vital indicator.

- Research shows that companies that export and innovate do better in terms of job growth and profitability. While the available information for the City Region on these two key aspects of performance is not as robust as for many other indicators, our companies seem to export less, introduce fewer new products or processes to market and spend less on R&D.

- There are 119,000 businesses in Leeds City Region, with rapid growth in this figure over the last two years. However, measured relative to population, the City Region has a below average rate of business start-ups.

- Inward investment is also a driver of growth, bringing not just new jobs and investment but also potentially more modern business methods from which locally-based firms can learn. Foreign direct investment (FDI) into Yorkshire as a whole grew dramatically in 2014. Since this time Leeds City Region has secured 98 investments from 23 nations, helping to create 4,200 jobs.

- The latest 'baseline' forecasts for Leeds City Region are for an extra 115,000 full-time equivalent jobs in the next 20 years, and an extra £34 billion in annual GVA. These predictions are on a 'policy-off' basis, in that they do not take account of any locally driven policy and investment decisions such as those that will take place as part of our Growth Deal. These predicted rates of growth are below those for the UK as a whole, meaning that in the absence of the policies set out in this SEP, we are likely to see the gap to the UK widen. Our ambitions to grow beyond these levels were set out in Chapter 1.

- It is important to note that improving our position relative to other parts of the country will inevitably be a long term process. The City Region clearly needs more innovation, investment and exports; a stronger national and international profile; and to see more high growth companies and successful business starts. Improvements are already evident on some of these indicators, but more progress is needed on all these key drivers and plans to raise performance form a central part of this strategy.

Key assets for improving performance

The City Region is home to:

- R&D and innovation assets linked to 14 further education colleges and nine universities, one of the largest concentrations of higher education institutions in Europe. Moreover, 23% of the research in our universities is world-leading and 42% is internationally excellent.

- Distinctive clusters of businesses and research expertise, including:
  - a manufacturing workforce of around 140,000 – more employees than any other LEP area and also above average as a share of all jobs. The City Region is at the heart of the UK's advanced manufacturing and engineering industry, with world-leading specialisms and businesses;
  - the UK's largest centre for financial, professional and business services outside London;
  - leading digital companies, particularly in telehealth, data analytics and security, IT and internet of things technology;
  - a strong low carbon sector and energy generation capacity that is critical to the UK and a focus for innovation;
  - high quality life sciences and related industries (particularly biosciences and healthcare/medical technologies);
  - a diverse food and drink sector, spanning supermarket HQs, manufacturers and cutting edge biosciences;
  - clusters of activity in the creative and cultural industries, and distinctive tourism/leisure assets (see Chapter 2) – capitalised upon through events such as the Tour de France and Tour de Yorkshire; and
  - an attractive location for the logistics industry at the heart of UK rail and motorway networks.

B PEOPLE - EMPLOYMENT, SKILLS AND INCLUSION

Key statistics and messages

- Employment in the City Region fell much faster than the national average during the recession, but has risen notably in more recent years - there were 27,000 more people in work in September 2015 than in 2008. An employment rate of 72% is just below pre-recessionary peak levels and similar to other city regions. A sharp increase in self-employment has mirrored national trends.

- The unemployment rate has fallen to 6.5%, a little above national average. Both the number of 16-18 year olds who are claiming Jobseeker's Allowance and the total NEETs have fallen sharply. The level of unemployment for young people and adults varies considerably across and within districts.

- Underemployment is a significant issue, with a doubling of the numbers in temporary work and part time work but who would rather be in full-time or permanent jobs, as well as significant numbers (e.g. graduates) in jobs that do not fully utilise their skills.

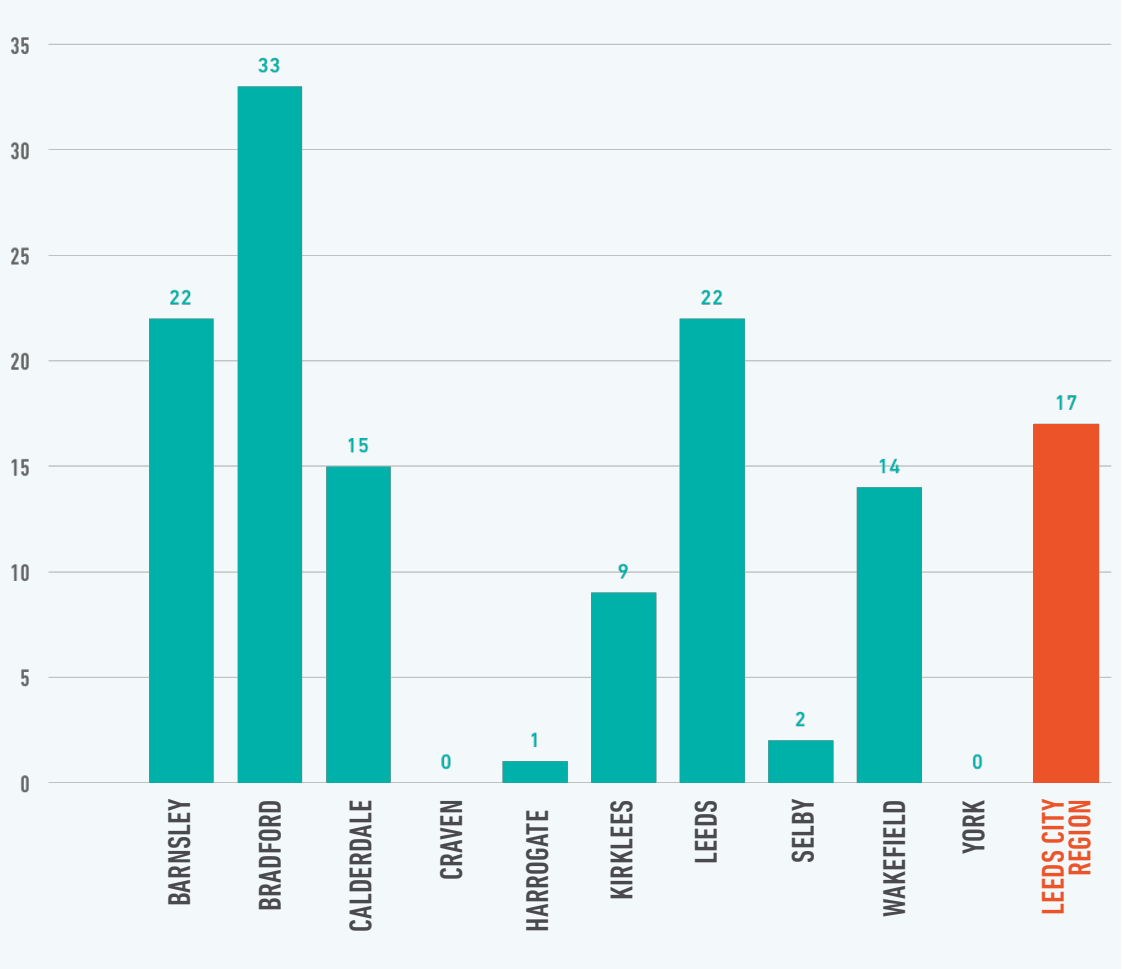
- Another key feature of the job market is the 'hollowing out' that has happened in recent years, with growth in both higher- and lower-paid jobs, but a loss of jobs in the middle with impact on opportunities for career progression and scope for people to move out of low pay. The City Region has followed this national trend, but has performed less well than average in the growth of better-paid jobs. These trends are examined in more detail in Chapter 4, *Why do we need Good Growth?.*

- City Region earnings on average are between 90-95% of national average, though they vary widely across localities. Moreover, City Region wages have fallen further behind national levels in relative terms over the last decade, especially since the recession.

- The City Region still has much more than its 'fair share' of poverty and deprivation: 17% of local areas in Leeds City Region are in the most deprived 10% in England, two-thirds higher than the national average. Average life expectancy is below the national average and varies widely among localities and social groups. Figure 3 illustrates deprivation across the City Region and the degree of variation that exists, with some districts having three times more deprived neighbourhoods than would be expected and others having none at all (although they may have smaller pockets of deprivation).

FIGURE 3

PERCENTAGE OF NEIGHBOURHOODS IN THE MOST DEPRIVED 10% IN ENGLAND (2015)



- Skills levels have continued to improve across the City Region, and are comparable to most core city region LEP areas. However, they have not improved quickly enough to close gaps to the national average – on the contrary, the shortfall in qualification levels has widened.

- Notably, the gap between the proportion of the working age population with higher level skills in the City Region (31%) and the UK (36%) has grown between 2007 and 2014. Because higher level skills are closely associated with innovation and improved productivity, and because demand for them is increasing and expected to outstrip supply, reducing this gap will be vital to future economic growth, incomes and economic resilience.

- There are also gaps in employability skills and mismatches between the supply and demand for skills at sector level, including skills shortages in areas such as engineering, construction and software/coding.*

* Evidenced through The State of the Leeds City Region Labour Market 2015/16, sector specific research and employer input

Key assets for improving performance

- A workforce of 1.9 million, the biggest in the North; and the prospect of 600,000 job opportunities over the 10 year period up to 2022 (including the need to replace people who retire from the job market).

- Growing numbers with qualifications at all levels; GCSE pass rates that have moved from below to above average in some areas.

- Success in reducing NEETs, and good career opportunities through routes such as apprenticeships.

- The UK's greatest concentration of universities outside London, with a large student population and a good performance on graduate retention and employment.

- High performing colleges, well placed to connect students to business opportunities and careers.

C PLACE AND INFRASTRUCTURE

Key statistics and messages

- Decades of underinvestment in strategic transport infrastructure have restricted connectivity, both within the City Region and to other parts of the UK and the rest of the world. Transport investment per capita in Yorkshire and Humber is only 45% of that in London, for example. As a result, increasing road usage and rail passenger numbers have meant worsening motorway congestion and train overcrowding. At the same time, bus patronage has been declining.

- House building was hit hard by the recession. Despite some recovery since 2012, demand still exceeds supply, which is raising housing costs and worsening housing affordability, with these difficulties sharpest in Harrogate, Craven and York. An absence of suitable homes, of all sizes, in the right places can easily restrict growth if people are prevented from moving within or into the City Region.

- Major redevelopment and regeneration schemes in towns and cities were also stalled by the recession, and although some areas are now seeing recovery, the market is not sufficiently vibrant to support private sector investment in many parts of the City Region.

- Flooding poses significant risks to 64,000 homes and 31,000 non-residential properties (such as businesses and critical infrastructure) across the City Region. This has been illustrated by repeated flooding episodes in the last decade, including the devastating floods of December 2015.

- 92% of homes and business premises in West Yorkshire and York have access to superfast broadband, with uptake a little below national levels (63% in West Yorkshire compared to 68% in the UK). Only Bradford and Leeds achieve average broadband speeds above the national average of 23.4 mbps.

Key assets for improving performance

- A location at the heart of the UK, and an extensive road and rail network, offering businesses easy access to markets and to labour with competitive costs.

- Enterprise Zones in the Aire Valley, along the M62 and in York Central (managed by York, North Yorkshire and East Riding Local Enterprise Partnership) that will be developed as the location for many thousands of high quality jobs.

- The West Yorkshire plus Transport Fund that will deliver significant enhancements to the City Region's road, rail and bus networks over the next decade, alongside the major improvements that are already in the pipeline to invest in the motorway network and to increase rail capacity and speed through the electrification programme and new franchises, and also the long term opportunities presented by HS2 and Northern Powerhouse fast rail.

- Continued passenger growth is predicted for Leeds Bradford International Airport, alongside a proposed employment zone that would be home to thousands of jobs.

- A distinctive mix of urban and rural areas in close proximity, offering a quality of life that is second to none.

- A wide range of high quality cultural assets and attractions including three World Heritage Sites, international sporting venues, galleries, theatres, music venues, festivals and conference facilities.

- A strong digital infrastructure, ranging from the Super Connected Cities of Bradford, Leeds and York, to Leeds as the home of the only internet exchange outside London, to the Digital Catapult and Digital Health Enterprise Zone in Bradford.

D ENVIRONMENT AND LOW CARBON

Key statistics and messages

- The City Region is home to 9% of the UK's electricity generating capacity, including Drax power station – England's largest and now fuelled by mixed coal and biomass units.
- The City Region generated 13% of the nation's renewable energy in 2014 (a far higher proportion than our share of the population – approximately 5%).
- Carbon emissions per capita are below those nationally, if falling less quickly. Rates of decline have been fastest in industry and commerce and lowest from transport.
- Many businesses are improving their environmental performance and there is an appetite to do more.
- Public Health England research found that almost 1,400 deaths in Leeds City Region in 2010 could be attributed to air pollution (a similar proportion to the figure for England as a whole).
- An estimated 140,000 households are in fuel poverty, or 11% of the total, close to the national average. However, the rates are well above average in most parts of West Yorkshire.

Key assets for improving performance

- Major opportunities arising from Drax power station, in particular for the City Region to become one of the foremost UK centres for low carbon energy generation.
- A strong low carbon sector (i.e. businesses whose products and services help to reduce carbon emissions) with excellent associated expertise (e.g. in universities) and a track record of innovation and delivery.
- A desire among local decision-makers to support and encourage investment in low carbon energy generation and resource efficiency.
- Natural capital in urban and rural areas, including wildlife, woodlands and a beautiful natural environment which attracts businesses, investment, skilled employees and tourism.

WHY DO WE NEED GOOD GROWTH?

THE ANALYSIS OF THE CITY REGION ECONOMY SHOWS AN AREA WITH ENORMOUS POTENTIAL BUT WHICH FACES KEY CHALLENGES ON INNOVATION, EXPORTING, SKILLS AND CONNECTIVITY IF IT IS TO REALISE THAT POTENTIAL.

The 2014 SEP set out the approach to building on these strengths and tackling the weaknesses, an approach which also aimed to promote low carbon growth and resource efficiency. What was less well recognised, however, was the scale of the challenge in ensuring that the opportunities and benefits of economic recovery were spread across all communities.

As Figure 4 demonstrates, there has been substantial job growth – both locally and nationally. However, growth has been concentrated in economic sectors and occupations that are characterised by high or low incomes, whereas the number of posts offering middle incomes has declined. This pattern of recovery, with **a 'hollowing out' of the job market,** means that there are fewer middle level jobs in the kind of manufacturing and service companies that have previously been at the heart of the UK economy. The result is a lack of job progression opportunities for many who are either entering the job market for the first time or seeking to improve their skills and earnings. Many others are denied a role in the economy that their education and skills would merit.

A key concern for Leeds City Region is that far fewer high income jobs have been created in relative terms than in other parts of the country. The mismatch between the type of economy we want to become and current realities is widening, with income inequalities also growing as a result.

Ensuring that the skills are in place to enable many of those who would have been in middle income roles to secure higher level roles instead is a key part of the solution, especially given forecasts for rising demand at this level. However, higher productivity cannot come from an increase in higher level jobs alone. To innovate, compete and deliver benefits across business and society, our economy also needs to create more middle income jobs (e.g. through addressing skills shortages and supporting business growth) and progression routes into them. This will ensure that skills and potential are fully tapped, lead to reduced in-work poverty, and mean fewer people are 'locked' in low income jobs that they wish to move on from.

At the same time, improved job design, conditions, workplace engagement and (where possible) incomes can help to improve the quality of jobs even though they remain at the lower level of the occupational ladder, with business benefits in terms of staff recruitment, retention, loyalty and productivity. In other words, a City Region that grows faster and creates jobs at all income levels is not just a vital part of good growth, but a key component of creating a balanced, highly productive and globally competitive economy.

Following on from this analysis, Table 1 (overleaf) shows current and historic performance on this strategy's five headline indicators, including factors such as productivity, skills and employment (see also Chapter 1).

FIGURE 4

EMPLOYMENT CHANGE IN HIGH, MEDIUM AND LOW INCOME SECTORS (2009-14)

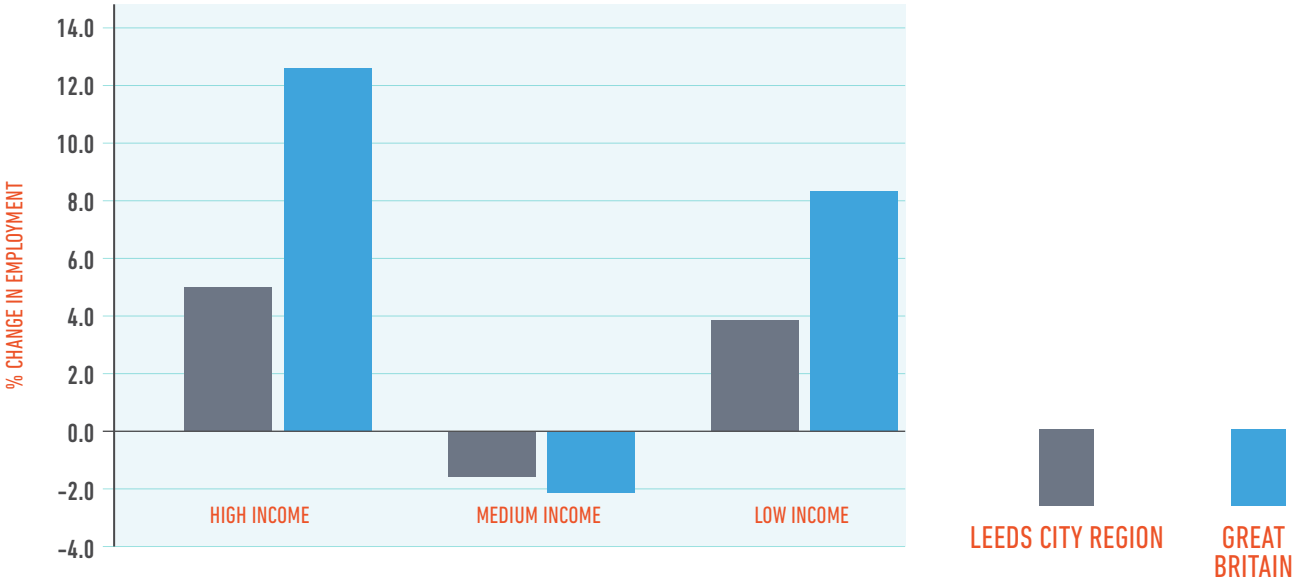


TABLE 1

GOOD GROWTH HEADLINE INDICATORS AND MEASURES

HEADLINE INDICATOR	MEASURE	2007		2011		LATEST DATA	
		LEEDS CITY REGION	UK	LEEDS CITY REGION	UK	LEEDS CITY REGION	UK
Growth and Productivity (2014 data)	Economic output (£ billion GVA per year)	54.2	1,331	57.0	1,443	62.4	1,618
	Output (£ per hour worked)	24.3	26.6	25.8	29.3	27.2	31.0
Employment (Sep 2015)	Employment rate (% of working age population)	72.4	72.5	67.5	69.8	72.2	73.2
	Economic inactivity rate (% of working age population)	23.6	23.5	25.3	24.1	22.8	22.5
Earnings* (2015 data)	Weekly median earnings (£)	358	376	378	400	400	426
	20% earn less than (£ per week)	195	200	195	204	214	219
Skills (2014 data)	% of working age population with NVQ4+ qualifications (degree level or equivalent)	25.3	28.5	28.1	32.6	30.6	35.8
	% of working age population with good GCSEs	61.7	64.2	66.5	69.3	69.9	73.1
Environmental Sustainability (2013 data)	CO_2 emissions per capita	7.6	8.5	6.3	6.9	6.4	7.0
	% households in fuel poverty (N.B. England data)	n/a	n/a	11.1	10.9	11.0	10.4

The position has improved on all the indicators in Leeds City Region between 2007 and the latest data year with the exception of employment levels, which are much improved compared to 2011 if not quite back to pre-recessionary levels. However, on most indicators, improvements in the City Region have not kept pace with those nationally. This is particularly notable for areas such as growth, productivity and high level skills. On the latter, we have set the long term ambition to close the gap between the City Region and national average for the percentage of the working age population with skills at NVQ Level 4 or higher.

* Earnings data is for all workers and based on weighted averages for Leeds City Region calculated using local data for 2007 and 2011

HORIZON SCANNING

IT IS IMPORTANT TO FACTOR IN LONG TERM TRENDS AND THEIR IMPLICATIONS WITHIN A STRATEGIC APPROACH.

The pace of technical change is unparalleled and there are major social, political, economic and environmental trends at play. These will have substantial implications and warrant serious consideration.

For instance, robotics and automation have the potential to remove the need for large numbers of low and middle skilled jobs; however, some companies are responding by training and redeploying staff to take on higher skilled, higher value roles.

Furthermore, if more City Region businesses design and produce robotics technology, then the benefits for growth and jobs could be pronounced. Building intelligence, capacity and networks that consider future issues, trends and scenarios will make the City Region much better placed to respond to them. The following box summarises key examples of trends that could affect the City Region.

POLITICAL AND SOCIAL

- Devolution and decentralisation
- Changing demographics – ageing population and migration
- Pressures for immediacy and individual tailoring
- Increasing polarisation and inequalities
- Risk of global political instability

ECONOMIC

- Globalisation
- Changing international economy powers and demand - BRIC+
- Changing skills demands – increasingly for higher level and for transferable skills
- Changing work patterns, e.g. self-employment
- Continuing austerity and economic uncertainty

ENVIRONMENTAL AND INFRASTRUCTURE

- Climate change impacts (e.g. flood risk and drought extremes) and adaptation
- Climate change mitigation
- Changing energy supply and demand patterns
- Increasing transport demand

TECHNOLOGICAL

- Automation/robotics and impact on jobs
- Health advances (e.g. genomics), bio-economy
- Internet of things, new technologies with big impacts (e.g. 3D printing, driverless cars)
- Continued digitalisation and processing power

CONCLUSIONS AND IMPLICATIONS

CLEAR AND CONSISTENT CONCLUSIONS EMERGE ACROSS POLICY AREAS AND THE RANGE OF EVIDENCE. THESE ARE THAT:

- The City Region economy is growing, and has been bolstered by the work of the LEP and its partners.
- However, it is not improving fast enough to significantly reduce gaps to the national average in many areas.
- There are excellent assets that can be utilised to transform future performance, as well as long term trends, opportunities and challenges to tackle or exploit. Greater devolution will improve the capacity to do so.
- Key areas that are critical to future performance include business productivity and its drivers; the labour market and skills; low carbon, energy and climate change adaptation (e.g. flood risk); and infrastructure – spanning transport, digital, housing, employment sites and key centres, and green infrastructure.
- There are considerable variations across districts and communities. 'Good growth' is required so that GVA growth translates into well paid and fulfilling jobs for more people and reduced inequalities and poverty, as well as to long-term business success and increasing profitability.

Table 2 sets out the key evidence points that have been identified and how the priorities of this strategy respond to them. It covers the key factors that underpin GVA growth (productivity and employment); well-established drivers of productivity (innovation, enterprise, skills, investment); and wider factors that are intrinsic to the good growth agenda and ensuring that economic development equates to improved and inclusive quality of life.

Despite its undoubted strengths and assets, the City Region is not realising its full potential. An integrated, long term approach is needed to build the strong, sustainable and internationally competitive economy to which we aspire. The interconnected priorities and good growth principles of this Strategy respond to that challenge.

TABLE 2

EVIDENCE INFORMING ACTION

ISSUE	KEY EVIDENCE	RESPONSE (IN THIS STRATEGY)
GROWTH AND OUTPUT	GVA is increasing but gap to national average is not closing.	Growth ambitions supported by Headline Initiatives, actions across the strategy, devolution goals and northern collaboration. Combined with quality factors to ensure good growth which benefits people.
PRODUCTIVITY	Output per worker is too low and gaps have been growing.	Focus on growth sectors and drivers of productivity including innovation, enterprise and higher level skills.
SECTORS	A set of sectors have growth potential, and are at the heart of City Region and wider northern strengths.	A focus on innovative manufacturing, financial and professional services, health and life sciences, low carbon and environmental industries, digital and creative industries, and food and drink.
INNOVATION	Exceptional HE presence and scope to greatly increase R&D, patents and innovation.	Innovation is a key action area within Priority 1 and cuts across all priorities as a core part of a good growth approach. University strengths to be further utilised.
ENTERPRISE	Fewer businesses than average, but recent improvement in start-up rates.	Action area on enterprise within Priority 1 and a greater focus on connecting business and education (in Priority 2), including to promote a culture of enterprise.
INWARD INVESTMENT AND EXPORTS	Big improvement in FDI successes, with potential to improve further and for domestic relocations. Need to increase exports.	Internationalisation activity consolidated within Priority 1 alongside action to strengthen (local) supply chains, 'reshoring' and UK securing investments. Also aiming to enhance export services and the support from UKTI.
SKILLS	Skills improving at all levels; but gaps to national average widening, especially at higher levels.	Focus on addressing the 'missing middle' in the labour market and on higher level skills (Priority 2) with long term aim of closing the gap to national average.
EMPLOYMENT	Sharp fall in youth unemployment. Economic inactivity also falling and employment rising. Underemployment an issue.	Shift in focus towards (all ages) employability and unemployment and helping people to access and progress in jobs, driven by Priority 2 actions.
INCOMES AND INEQUALITIES	Earnings increasing, if below national levels, and fewer middle income jobs.	Focus on quality of jobs and incomes as well as quantity is central to the good growth approach and linked to skills (Priority 2) and productivity (Priority 1).
CLIMATE CHANGE AND ENVIRONMENT	CO2 emissions falling steadily, energy markets volatile. Increasing flood risks.	Priority 3 combines economic opportunities linked to energy and low carbon with investment in green infrastructure to boost resilience and quality of place.
DIGITAL	Fast average broadband speeds in Leeds and Bradford not matched across the whole City Region.	Actions to enhance digital infrastructure within Priority 4, with others aspects of digital and tech integrated across the strategy and in a Headline Initiative (Priority 1).
TRANSPORT	Major challenges in road and rail congestion and intra City Region connectivity; but big opportunities from delivery of West Yorkshire plus Transport Fund, HS2 and HS3, franchise improvements, and other schemes.	Priority 4 adopts an integrated approach to connecting jobs and homes, with a focus on spatial priority areas and maximising benefits from new transport investment.
HOUSING	Housing supply rising more slowly than population, hitting affordability.	Housing Growth Areas defined in Priority 4, plus a Headline Initiative to build 10,000-13,000 homes per year.

CHAPTER 3

STRATEGIC PRIORITIES

STRATEGIC PRIORITIES

TO ACHIEVE THE VISION THE SEP WILL CONTINUE TO BE BASED ON THE FOUR INTER-CONNECTED STRATEGIC INVESTMENT PRIORITIES SET OUT IN THE FIRST SEP PUBLISHED IN 2014 AS BELOW:

These priorities are simple, streamlined and evidence based. They bring together the diversity and strengths of the City Region and respond to opportunity, whilst also tackling known market failures and barriers to businesses and individuals realising their full potential.

By taking account of local economic priorities, they provide an investment framework that is firmly rooted in place. They are also aligned to national priorities for sustainable and balanced economic growth, and drive the action needed to achieve our ambition.

Full detail on each priority is set out in this section.

VISION

TO BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY, JOBS AND QUALITY OF LIFE FOR EVERYONE

PRIORITY 1

Growing Business

a) Business Growth Hub (LEP Growth Service)
b) Innovation
c) Access to finance
d) Digital
e) Supply chain development
f) Enterprise
g) Trade and investment

Skilled People, Better Jobs

a) More and better apprenticeships
b) Great education, connected to business
c) Employability, access to jobs and realising potential
d) Building workforce skills and attracting talent
e) Addressing skills gaps and shortages

PRIORITY 2

PRIORITY 3

Clean Energy and Environmental Resilience

a) New energy generation
b) Resource efficient businesses
c) Energy efficiency and empowering consumers
d) Green infrastructure

PRIORITY 4

Infrastructure for Growth

a) Integrated spatial priority areas:
- Urban Growth Centres
- Housing Growth Areas
- Employment Growth Areas

b) Transport infrastructure and services
c) Integrated flood risk reduction
d) Digital infrastructure

GOOD GROWTH

- 35,700 NET ADDITIONAL JOBS BY 2036
- AN EXTRA £3.7 BILLION ANNUAL ECONOMIC OUTPUT BY 2036
- AMBITIONS TO EXCEED NATIONAL AVERAGE ON HIGH LEVEL SKILLS AND TO BECOME A 'NEET-FREE' CITY REGION
- PROGRESS ON HEADLINE INDICATORS OF GROWTH AND PRODUCTIVITY, EMPLOYMENT, EARNINGS, SKILLS AND ENVIRONMENTAL SUSTAINABILITY

HEADLINE INITIATIVES

THE HEADLINE INITIATIVES BELOW REPRESENT THE VITAL DEVELOPMENTS THAT WE WISH TO SEE DELIVERED – OR WELL ON THE WAY TO DELIVERY – OVER THE NEXT 10 YEARS.

In effect, **they are the large scale 'game changers' that will enable us to make real progress towards achieving the City Region's vision.** They span all four priorities of this strategy and will support its good growth principles. They have been identified because they:

- address key issues and opportunities for the City Region economy and its businesses, people and places;
- are genuinely major and partnership-based initiatives with big impacts;
- are focused on clear action; and
- combine a foundation in current work and/or assets with an ambition to go further.

Headline Initiatives will be delivered through a wide range of partners, including and going well beyond the LEP and the Combined Authority, and utilising local, national and European funding sources.

Further analysis on impacts and opportunities will be completed at project/ programme level to inform detailed delivery choices and to maximise impact. The set of Headline Initiatives is summarised below, and the table that follows briefly sets out the nature of each initiative, why it is important and the mechanism for its delivery.

HEADLINE INITIATIVE	IMPORTANCE	DELIVERY ROUTE
Implement coordinated and wide ranging action to radically increase innovation.	Innovation is critical to future growth and prosperity. This includes R&D, links to higher education institutions and a creative culture that drives better products and services.	Implement actions in Priority 1 and review and extend these in an updated Delivery Plan for Innovation, aligned with funding streams including Local Growth Fund, ESIF, Innovate UK and higher education institutions resources.
Become a global digital centre – with specialisms in data storage, analytics, digital health and tech skills.	Builds on existing assets in data and digitally driven solutions and will position the City Region as a globally significant place in a huge area of future economic opportunity. Building the skills to support this is crucial. Also responds to ageing population opportunities.	Integrates across all priorities and led by Priority 1, with a new Digital Delivery Plan taking it forward. Linked also to LEP Growth Service support and the Trade and Investment Business Plan.
Boost business growth, productivity, exports and investment by linking businesses to support and funding, including through the LEP Growth Service, Skills Service and Trade and Investment programme.	Essential to improving productivity and key factors which drive it, such as innovation, skills, enterprise and exports. Additionally, need to correct historic investment shortfalls, widen the business base and strengthen supply chains.	LEP Growth Service, grants and future ESIF projects and related activity covered in Priority 1 and the Trade and Investment Plan. Skills Service linked to Priority 2.
Deliver a 'more jobs, better jobs' programme to widen employment, skills, apprenticeships and progression opportunities, linked to NEET-free goals.	Integral to achieving inclusive, good growth, utilising untapped assets and making the City Region an above average contributor to national tax incomes. Builds on and extends progress on apprenticeships and youth employment.	Skills and access to work covered in Priority 2, to be progressed through the Skills Plan. All strategic priorities will help to create jobs.
Devise and deliver a programme of action to increase high level skills and close the gap to UK average.	High level skills underpin growth and productivity. Large scale, evidence led action is needed to transform performance.	Programme to be developed, led by Priority 2 and implemented as part of the updated Skills Plan.
Targeted investments and innovation to make the City Region a leading edge centre for zero carbon energy.	Integral to good growth and resilience, and to ensuring our economy can take advantage of changing energy markets and the low carbon economy.	Covered in Priority 3, taken forward by its priorities and action across the SEP.
Make climate change adaptation and high quality green infrastructure integral to improving the City Region economy and its spatial priority areas.	To ensure long term economic resilience and success, the City Region needs to plan for and manage future climate change impacts. Green Infrastructure can assist with this and help to attract and retain investment, skilled people and tourism.	Green infrastructure (GI) and climate adaptation span Priorities 3 and 4, with GI driven through a dedicated Delivery Plan and Spatial Priority Areas.
Deliver 30+ West Yorkshire plus Transport Fund schemes and make progress towards a single 'metro style' public transport network, connected to major national / northern schemes such as HS2 and Northern Powerhouse Rail.	Major economic boost from integrated and improved connectivity - through labour markets and agglomeration, business travel and profile benefits.	Covered in Priority 4 and to be progressed through the West Yorkshire Single Transport Plan and associated work.
Develop and regenerate integrated spatial priority areas, supporting employment, quality environments and the building of 10,000-13,000 new homes per year.	These will create many thousands of jobs and integration will ensure high quality and transport that connects people to jobs. More homes will support demand, economic needs and affordability.	Covered in Priority 4. Delivery detail to be included in the Housing and Regeneration Plan and Leeds City Region Infrastructure Investment Framework.
Develop an integrated flood risk reduction programme, incorporating flood defences, green infrastructure and resilient development.	Contributes to long term resilience in a changing climate, with benefits for business, homes and investment.	Led through action in Priority 4, and linked to Priority 3. Action/lead roles to be agreed.

PRIORITY 1: GROWING BUSINESSES

PRIORITY 1 SUMMARY	
AIM	**To drive up productivity, growth and employment through an environment that enables businesses to start-up, innovate, trade and invest**
KEY ACTION AREAS	**PRIORITIES**
(A) BUSINESS GROWTH HUB (LEP GROWTH SERVICE)	• Continue to deliver the LEP Growth Service as the route to simplified high quality business support in the City Region; to be financially sustainable from April 2018
(B) INNOVATION	• Deliver high quality innovation products and services • Maximise the role of universities in innovation, enterprise and international profile • Participate in government's Science and Innovation Audits, and related activity, with a focus on medical technology and bio-science • Work with Innovate UK so local firms secure a greater proportion of national funding
(C) ACCESS TO FINANCE	• Deliver a programme of capital expenditure grants and loan funding including at a pan-northern level • Use input and resources from the private sector to deliver a programme of support to enable SMEs to be more investor-ready
(D) DIGITAL	• Develop and deliver a Leeds City Region Digital Delivery Plan • Maximise business use of digital capacity, technology, skills and connectivity
(E) SUPPLY CHAIN DEVELOPMENT	• Establish a Supply Chain Group to help SMEs win large contracts; engage with infrastructure commissioners; and build capacity
(F) ENTERPRISE	• Respond to the gap in the City Region's business start-up architecture to ensure access to high quality support for pre-start, start and early stage businesses
(G) TRADE AND INVESTMENT	• Build capacity, develop and deliver an integrated City Region approach to trade and investment • Deliver targeted investment and investor development through unique propositions in financial and professional services, health, digital and manufacturing • Improve the City Region's export performance, including through simplified and joined up support accessible at all stages of the export journey • Explore opportunity for a UKTI Taskforce for the Northern Powerhouse
HEADLINE INITIATIVES	• Implement coordinated and wide ranging action to radically increase innovation • Become a global digital centre – with specialisms in data storage, analytics, digital health and tech skills • Boost business growth, productivity, exports and investment by linking businesses to support and funding, including through the LEP Growth Service, Skills Service and Trade and Investment programme
KEY PARTNERS	Businesses/employers, universities, Chambers of Commerce, business intermediaries and employer representative bodies, local authorities, UKTI, Innovate UK, finance providers. Also includes engagement with international institutions and businesses.
EVIDENCE LED OUTCOMES	This priority will support progress on headline indicators related to: • Increase in number of businesses innovating to bring new products/services to market • Increase in SME productivity, investment and jobs created • Increase in value of jobs created as measured through improvements in hourly / average wages and uptake of higher levels of skills • Increase business start-ups • Increase in business exports and inward investment

RATIONALE

FOLLOWING THE SHOCK OF THE 2008-09 GLOBAL FINANCIAL CRISIS, EMPLOYMENT GROWTH IN THE CITY REGION HAS RESUMED, AND THERE ARE NOW MORE PEOPLE IN WORK LOCALLY THAN BEFORE THE RECESSION.

The grant schemes that have been controlled locally have played a part in this success. The LEP or example, through its Business Growth Programme, has between February 2013 and March 2016 awarded £27 million to support over 400 firms, creating close to 1,800 jobs and leveraging in over £170 million of private sector investment.

These figures will eventually rise to over 6,000 more jobs and over £300 million of extra private investment. With this foundation in place, the City Region must now focus even more strongly than before on the second essential driver of growth, namely productivity. This matters because higher rates of productivity are widely recognised as the critical factor in driving up wages and therefore income and quality of life.

Productivity in the City Region is rising and is similar to most core city LEPs in the North and Midlands. However, our levels of productivity stand at just under 90% of the England average; moreover, they are growing more slowly than average. And when we look at the drivers of productivity – skills, R&D and innovation, enterprise and investment – they are also improving, but not as fast as in other parts of the country.

Closing these gaps will be a long term process, but the foundations needed to drive significant and lasting improvements are in place, and there are many strengths to play to.

Leeds City Region is home to the largest manufacturing base in the UK with distinct assets in automotive, bio-science, turbo technology, advanced textiles and medical devices. We are also the largest regional financial and professional services centre; and have unique strengths in the application of digital technology ranging from healthcare to big data analytics.

These provide the City Region with competitive capability in globally significant markets that are likely to grow strongly in the future. The challenge is to deliver a response that is resolutely focused on accelerating this position and unlocking productivity improvements by helping those businesses that are striving to grow to overcome the barriers that they tell us they face.

APPROACH

THERE ARE MANY STAKEHOLDERS THAT PLAY A ROLE ACROSS ALL OF THIS PRIORITY AND IN WORKING TO DRIVE UP PRODUCTIVITY – FROM THE LEP AND LOCAL AUTHORITIES TO UNIVERSITIES, GOVERNMENT AGENCIES AND PROVIDERS OF FINANCE.

Collectively, we will take our lead from business to jointly develop, commission and deliver a world class offer that enables businesses to grow and become more resilient, productive and competitive.

We will support businesses to embrace an outward-looking, innovative and enterprising culture and to draw on the diverse skills and talents of all people. This is key to positioning the City Region as a globally relevant and competitive place to do business.

The LEP will work with and through partners to ensure that all interventions are directly targeted to local need as articulated by business, effectively coordinated so as to avoid complication and confusion, and streamlined with national priorities.

In pursuing good growth, we will work with businesses to drive improved productivity hand in hand with creating more and better jobs and environmental good practice (see Priorities 2 and 3 for detail).

We recognise that measuring success through the creation of new jobs will not always adequately capture our ambition in this regard. There will be times when fewer jobs will be created as a result of investment, but critically they will be jobs of higher value and will bring other positive outcomes for the business, people and the economy.

The City Region's integrated approach focuses on supporting those companies who genuinely want to grow, in any industry or sector. We also know that the City Region has clusters of particular expertise and opportunity centred on:

- **innovative manufacturing;**
- **financial and professional services;**
- **health and life sciences;**
- **low carbon and environmental industries;**
- **digital and creative industries; and**
- **food and drink.**

Whilst support will not be limited to these **key sectors,** the LEP and the Combined Authority's own (and finite) resources will be prioritised in this direction. There is close alignment here with the sectors identified as being critical to the future growth prospects of the Northern Powerhouse (as set out in Chapter 1 of this Strategy), and we will work closely with neighbours to lead the action needed to drive pan-northern growth.

We also recognise that there will always be sectors that have lower productivity but which play an important role in providing large numbers of jobs for people in communities across the City Region. In these cases our approach will be led through work under Priority 2 of this strategy to equip people with the skills they need to access and progress in work, including where that is in low pay sectors.

It continues to be a priority for the City Region therefore to provide the right environment and **business support** that allows businesses to unlock their economic potential. Leeds City Region has put in place a portfolio of products that are helping businesses across sectors to do this, delivered through the LEP Growth Service. Launched in July 2015, the service supported over 1,200 businesses in the first six months of operation alone, clearly demonstrating the appetite amongst growth-orientated SMEs for direct and seamless access to a comprehensive range of support products and services. This will continue to be the route for delivering high quality support in the City Region, with an ambition to expand its reach to greater numbers of SMEs and to enhance products and services where it is clear it will add value.

Successful regions around the world are characterised by high rates of **innovation** across small and large firms, public institutions and individuals alike. Rates of R&D and innovation in the City Region are improving, but not fast enough to close the gap with national averages. We will continue to build on our strong foundations to accelerate progress in this area. Our world class university and research base is a critical and unique asset in this regard. They have a substantial track record in proactively engaging with and supporting business to innovate, start-up and grow; and are critical to the City Region's investment offer. This includes helping access funds based on Knowledge Transfer Partnerships.

An approach that fully levers these networks, capacity and capability will allow us to deepen and strengthen our innovation system, such that it enables our businesses to compete successfully on the global stage, and supports us in attracting and developing talent, ideas and investment. Our approach centres on enhancing the connections that enable the transfer of knowledge and ideas; driving up the appetite for innovation and enterprise, combined with a fresh view on risk; and building on our assets and infrastructure.

We will do this within and beyond the boundaries of the City Region, recognising the globally significant capability we have in areas such as bio-science, digital health and medical and technology, and bespoke engineering solutions for example in automotive, turbo and textile technology. We will develop a joint action plan with Innovate UK to better align resources to ensure more SMEs are supported to develop new products and processes, and that there is a clear funding pathway for this from 'proof of concept' through to commercialisation and production.

On access to finance: although the market place has evolved substantially, with important new players in crowd funding, online funding platforms and challenger banks in place, there remains a critical gap for investment in the £20,000-£100,000 category, and also in the market for seedcorn funding for technology investment.

We will tackle this through provision of capital expenditure grants and loan funding in support of business growth, expansion and innovation. In partnership with LEPs and Combined Authorities across the north, we will develop and deliver a Northern Powerhouse Investment Fund to increase investment, profile the opportunities across the North and provide increased flexibility in the type of funding provided. We will also help businesses to navigate the journey to access funds and to ensure that more of them are 'investor ready'.

Digital: digital advances are driving productivity, competitiveness and growth. It presents major opportunities for digital and technology focused businesses in their own right, but also in enabling change, innovation and improved performance across businesses of all sizes and sectors, including the public sector and those typically with low pay, e.g. retail.

The City Region's Digital Working Group will bring together private and public sector leaders and expertise to identify how to accelerate progress in this area. This will be brought together in a Digital Delivery Plan, and a supporting investment proposition, that will include action that cuts across all priorities of this strategy and supports our ambition to become a global digital centre with specialisms in data storage, analytics, digital health and tech skills. We want to ensure that SME business owners in particular are supported to explore how they might embed new technologies into their businesses to deliver enhanced productivity and growth. This will be delivered through the LEP Growth Service.

On supply chain development: our ambition is to build resilient, competitive and recognised capacity in the City Region centred on a reputation for innovation, quality and service. At the same time, the opportunity for our businesses to capitalise on contracts and large scale commissions, notably in major infrastructure projects such as HS2, are substantial. We will establish a programme of support, led by a Leeds City Region Supply Chain Group, to enable businesses to network, identify their capacity and compete to win business.

On enterprise: a City Region partnership of public, academic and business bodies must come together to assess the gap in support for new-start and early-stage businesses in the City Region, and develop a coherent and effective partnership based solution. The combined focus must remain on businesses with the ambition and ability to grow, but there will be a clearer focus on those that need additional, bespoke support in those crucial first three years.

From a **trade and investment** perspective, the LEP will continue to work strategically with a wide range of partners including local authorities and UKTI to deliver a seamless trade and investment offer to business. Beyond our boundaries we will proactively advance discussions to establish a UKTI Northern Powerhouse Taskforce with the potential for a physical presence in the City Region. This aligns with our calls for increased focus and UKTI resource to be oriented towards promoting trade and investment objectives in Leeds City Region and the North of England.

The City Region's proactive **investment** approach, builds on success to date, focusing on the presentation of investment propositions in those areas where we have globally relevant strengths. These centre on:

- **financial and professional services, including financial technology**
- **health**
- **digital**
- **manufacturing and bespoke engineering**

A partnership approach is critical to success in order to present collective assets clearly and consistently and in a way that resonates with target businesses, sectors and geographical markets. This partnership includes the LEP, local authorities, business intermediaries, and universities amongst others. Sector investment propositions will be promoted in those geographical markets where evidence and track record shows maximum traction can be generated. At present, this means a focus on markets in North America and in the major European economies, with opportunities in China and India also being explored. Work will also include a focus on a closer complementary relationship with London to secure northshoring opportunities for the City Region, particularly drawing on our competitive positon in financial and professional services.

On **trade**, we will champion closer and stronger collaboration between partners across the City Region to increase both the number of exporters and the contribution of exports to the City Region. This will support the government's ambition of trebling the number of exporters and increasing the value of exports by 2020. Our ambition is for the City Region to be an environment where trading internationally is commonplace. To achieve this, partners must work more effectively to ensure that more businesses are proactive in their approach to trading overseas and that they are supported in the most effective and appropriate way.

We will inspire more businesses to look internationally for new markets and customers as an integral part of their business growth plans. We will work with partners to simplify the export support landscape by providing a joined-up and collaborative approach that is both accessible and supportive at all stages of a business's export journey. We will also take a pro-active and targeted approach to maximising the opportunities available to businesses in key sectors and target markets.

HOW THIS PRIORITY WILL BE IMPLEMENTED TO ACHIEVE GOOD GROWTH

- Facilitate greater productivity, innovation and enterprise, and firms that are resilient, adaptive, technologically savvy and outward looking
- Include a focus on quality of jobs, skills, progression and good business practices that support people and drive productivity and earnings
- Develop leadership and management skills needed to pursue good jobs and to establish a culture where good jobs generate competitive advantage especially in the recruitment and retention of the best talent, including in low pay sector where staff turnover is typically high
- Use digital technology to drive up productivity, including low pay sectors, and to positively impact on skills and pay
- Embed resource efficiency to support productivity, growth and quality across the business base and support globally competitive firms operating in the low carbon sector
- Join up delivery plans for skills, transport and housing to ensure disadvantaged communities are connected to new jobs from business growth and inward investment
- Support businesses to access the widest possible labour pool, including through apprenticeships, traineeships and work experience/employment programmes aimed at young and unemployed people

PRIORITY 2: SKILLED PEOPLE, BETTER JOBS

PRIORITY 2 SUMMARY	
AIM	**Increase skill levels and employability significantly to meet future job demands and enable people from all communities to secure more and better jobs – closing the gap to national average on higher level skills and progressing the City Region's NEET-free ambition**
KEY ACTION AREAS	**PRIORITIES**
(A) MORE AND BETTER APPRENTICESHIPS [cross cutting action area linked to b, c and d below]	• Support businesses to understand and make the most of apprenticeships • Support people to access traineeships and apprenticeships • Increase provision and uptake of apprenticeships (particularly at advanced, higher and degree level)
(B) GREAT EDUCATION, CONNECTED TO BUSINESSES	• Improve relevance of learning in schools, colleges and universities to increase attainment and employability skills, including a 'Great Code Campaign' • Produce accurate labour market information and forecasting and ensure it is well utilised in impartial careers information, advice and guidance • Increase student contact with, and understanding of, businesses (in schools, further education and higher education and through placements and internships) to develop employability and enterprise skills • Increase meaningful engagement between businesses and schools (including by influencing schools and Ofsted and governor engagement) and improve careers advice
(C) EMPLOYABILITY, ACCESS TO JOBS AND REALISING POTENTIAL	• Design programmes to help unemployed young people and adults move into work • Equip people with the skills needed to find and progress in work (including in low pay sectors), and connect them to the pipeline of new job opportunities • Work collaboratively to address barriers to work associated with transport and childcare and to help individuals to address issues that limit their economic potential (e.g. drugs, alcohol, criminality) • Maximise positive connections between health, jobs and prosperity
(D) BUILDING WORKFORCE SKILLS AND ATTRACTING TALENT	• Support employers in widening and enhancing workforce training (e.g. by highlighting its importance to growth and brokering solutions through the Skills Service) • Develop the leadership and innovation skills required for business growth • Close the gap to the UK average on high level skills, including promoting routes into higher level and technical skills, attracting and retaining talent, and higher graduate utilisation • Produce high quality forecasts of future employment trends and ensure that City Region partners can respond to them • Progressively influence, improve and take on leadership of the skills system through devolution
(E) ADDRESSING SKILLS GAPS AND SHORTAGES IN KEY AREAS: [A CROSS CUTTING FOCUS FOR AREAS A-D ABOVE]	• Infrastructure/construction skills (and associated employment opportunities) • Tech skills – become the graduate capital for tech skills by attracting and growing talent in coding/ software and data analysis • Manufacturing – e.g. engineering skills and addressing replacement demand
HEADLINE INITIATIVES	• Deliver a 'more jobs, better jobs' programme to widen employment, skills, apprenticeships and progression opportunities, linked to NEET-free goals • Devise and deliver a programme of action to increase high level skills and close the gap to UK average
KEY PARTNERS	Businesses/employers, LEP/Combined Authority, universities, colleges, schools, private training providers, local authorities, DWP/Jobcentre Plus, community organisations. The Skills Network will have a key role in engaging with partners including higher education, further education and private training providers.
EVIDENCE LED OUTCOMES	This priority will support progress on long term headline indicators related to: • % with skills at NVQ level 4 (close gap to national average on this measure) and NVQ2+ • % of schools engaging with businesses • Employment, unemployment, economic inactivity and NEET levels • Apprenticeship starts and completions (and % at advanced/higher/degree level) • Skills shortages in key areas (e.g. tech skills, coding, engineering, construction) • % of employers training their workforce • Earnings (median and 20th percentile)

RATIONALE

YOUTH UNEMPLOYMENT HAS FALLEN DRAMATICALLY IN LEEDS CITY REGION, WITH JOBSEEKER'S ALLOWANCE CLAIMAINTS CLAIMANTS AGED 16-18 REDUCING FROM 28,500 IN 2012 TO 7,000 IN 2016, AND NEET NUMBERS ALSO FALLING CONSIDERABLY. THE CHALLENGE NOW IS TO CONTINUE THIS IMPROVEMENT, TO HELP MORE PEOPLE ENTER AND PROGRESS IN WORK AT ALL LEVELS.

Skills are also central to business productivity, competitiveness and profits and in turn to higher earnings for workers. Hence businesses must be able to access talent and enhance the skills of their workforces. Higher level skills are especially strongly linked to productivity, but the gap to the national average on this measure has widened.

A key goal is therefore to reverse that trajectory. In short, we need more and better jobs accessible across all communities, and the skills to drive success both now and in the future.

The evidence points to a number of key challenges that we will address in implementation. These are to:

- Enhance educational attainment (which lags national average in some parts of the City Region) and strengthen the links between business and education – improving careers choices and employability
- Build on excellent work on apprenticeships by further increasing the number and value of apprenticeships (e.g. more at higher level) and widening access to them
- Support more people into jobs, especially those who face challenges to entering the labour market
- Address the 'missing middle' in the labour market, whereby growth in low and high level but not middle level jobs is making progression difficult and increasing inequalities and 'underemployment'
- Close the gap in higher level skills, which are critical to higher productivity, growth and incomes
- Tackle skills shortages in key areas such as engineering, construction, coding and tech skills, unblocking barriers to business growth and opening up excellent career opportunities

The City Region possesses a range of excellent assets that can be further utilised to assist in addressing the challenges ahead and filling over half a million future job opportunities. These assets include nine higher education institutions, 14 further education colleges, and a substantial investment programme covering the further education estate, as well as the largest city region workforce and the biggest undergraduate population outside London.

APPROACH

A STRATEGIC AND COORDINATED APPROACH THAT BRINGS TOGETHER THE WORK OF WIDE RANGING PARTNERS ACROSS THE CITY REGION WILL BE COMBINED WITH TAILORED LOCAL SOLUTIONS BASED ON THE NEEDS, ASSETS AND OPPORTUNITIES OF PARTICULAR PLACES.

For example, on **education**, although improvements will be led by individual schools, colleges and universities, it will be important to track overall progress on results and to support change at City Region level where appropriate. Opportunities include exerting influence on OFSTED to include the quality of business education and careers advice in their assessments, and co-ordinating programmes of action, such as on enterprise advisors and careers information, advice and guidance. Ensuring that young people are aware of and inspired by local business opportunities and understand the skills and choices needed to secure them is vital to future employability and success.

The employment rate is now much improved from the recession but we want to ensure that everybody's potential is realised and that nobody is left behind in securing a job and a good living. Hence, we will take forward our Headline Initiative of a **more jobs, better jobs programme** – a coordinated programme of action, much of it delivered at the local level, to help more people enter and progress in work and to reduce poverty and disadvantage.

This will take advantage of mainstream work by partners such as Jobcentre Plus and include wider activity to address specific barriers to work for target groups (often involving EU funding and community sector partners) and to maximise local employment, skills and regeneration benefits from major developments. We will ensure there are routes from unemployment into the pipeline of new job opportunities and explore how careers advice for those on low pay can help them to upskill and progress. Likewise, we will take advantage of win-win opportunities for health and the economy as evidence shows that health supports employment and productivity, and that good jobs benefit health.

We will work with partners across the public sector to design and deliver more joined up and more effective support services for those facing significant barriers to entering the jobs market and sustaining decent employment. This will include, for example, working with DWP, local authorities, health authorities and others to tackle health issues, including mental health, drugs and alcohol dependency, and to increase childcare and other support to help more people overcome disadvantage to access a job.

Many businesses already invest in skills and training and we want more firms to reap the benefits of an appropriately and highly-trained workforce. **Building skills in business** is beneficial at all levels, from leadership and management skills that drive growth, through to workforce progression and new recruits.

Clear and simple skills advice and support for business, signposted through the LEP Skills Service will be key to this, and excellent intelligence on future skills needs, and on the impacts of long term trends such as automation and robotics will inform action. The City Region will progressively look to take on the skills system as a responsibility as part of devolution so that it is simple, effective and works for business and people.

Technical and high level skills will be a particular area of focus, linked to further education and higher education assets. In view of the important role played by higher skills in raising productivity, we will aim to first reverse the widening gap on higher level skills (NVQ4+) and in the long term to close the gap to the national average.

Our Headline Initiative to radically increase high level skills will address this head on and involve devising and delivering a coherent programme of evidence based action. This will cover action in areas such as career opportunities in high skilled areas; greater graduate employment (especially by SMEs); higher education expansion; better matching of qualification choices to career opportunities; graduate training and scope for conversion courses; and the role of enhanced quality of life, place and profile in attracting and retaining skilled people.

Two areas of action will cut across everything we do. **Apprenticeships** work for businesses and young people, and we will strive to ensure that more businesses offer apprenticeships, that more young people are keen to take them up, and that routes into apprenticeships are widened, particularly in line with economic priorities and skills shortage areas. That includes promoting more advanced, higher and degree level apprenticeships, uptake by people of all ages, and pre-apprenticeship training where required to provide access routes for those who are less well qualified.

A focus on skills shortage areas on the basis of robust intelligence and forecasting will also cut across action on skills and employment, for example in engineering, construction and software/coding. **Digital and Tech skills** are a key area of opportunity. They can empower entrepreneurs to innovate in disruptive technologies and are increasingly essential to all businesses. Reflecting this, a number of local authorities have produced digital skills plans that can be built upon at City Region level. This will also be encapsulated in a new City Region Digital Delivery Plan as set out in Priority 1. We aspire to becoming a UK capital for such skills and will explore opportunities, such as a 'Great Code Campaign', to embed tech skills in young people and inspire many more to enter tech careers.

HOW THIS PRIORITY WILL BE IMPLEMENTED TO ACHIEVE GOOD GROWTH

- Build employability skills that support business innovation, productivity and success, and which also help people to access opportunities and progress
- Ensure there is a simple skills system that works together as a whole for people and business, and which fosters innovative approaches and collaboration (including utilisation of the skills network)
- Include a focus on the quality of jobs and higher earnings alongside productivity improvements, including exploration of approaches in sectors where low pay is common
- Support access to jobs and progression, including for those facing challenges and disadvantage
- Ensure skills are in place to support the low carbon sector and transition

PRIORITY 3: CLEAN ENERGY AND ENVIRONMENTAL RESILIENCE

PRIORITY 3 SUMMARY	
AIM	**To become a resilient zero carbon energy economy underpinned by high quality green infrastructure**
KEY ACTION AREAS	**PRIORITIES**
(A) NEW ENERGY GENERATION	• Provide a test bed for game changing non-conventional fuel technologies, including the H-21 Hydrogen Conversion project • Drive investment in low carbon energy projects through access to high quality technical and commercial advice on how to move from concept through to investment • Deliver an ambitious programme of district heat networks providing access to locally generated, secure, sustainable and low cost heat
(B) RESOURCE EFFICIENT BUSINESS	• Deliver advice and financial support to businesses who want to reduce costs associated with environmental resources like waste, water and energy • Drive innovation and growth in energy intensive industries by promoting resource smart technologies that produce new revenue streams such as carbon capture and utilisation
(C) ENERGY EFFICIENCY AND EMPOWERING CONSUMERS	• Deliver improvements that make homes across the City Region warmer and reduce fuel poverty • Develop partnership and funding models with the health sector to deliver collaborative interventions that reduce extreme cold and damp and improve health • Establish a municipal energy company that provides benefits for local communities, improves choice and delivers smart meter rollout
(D) GREEN INFRASTRUCTURE	• Refresh and deliver the Leeds City Region Green Infrastructure Strategy • Plan and deliver whole catchment area investments that mitigate flood risk and improve the resilience of the City Region economy (linked to Priority 4, key action area c)
HEADLINE INITIATIVES	• Targeted investments and innovation to make the City Region a leading edge centre for zero carbon energy • Make climate change adaptation and high quality green infrastructure integral to improving the City Region economy and its spatial priority areas.
KEY PARTNERS	Investors, utility providers, industry and small businesses, LEP/Combined Authority, universities, local authorities, community groups, DECC, Innovate UK, Local Nature Partnership (and constituent organisations), scheme specific partners
EVIDENCE LED OUTCOMES	This priority will support progress on long term headline indicators related to: • Carbon emissions (linked to long term zero carbon energy economy goals) • Increased GVA, employment, innovation and productivity in the clean energy and energy intensive sectors • Reduced fuel poverty and associated improvements in health and spending power • Increase in the quality and extent of green infrastructure, including climate and carbon sequestration benefits related to tree cover

RATIONALE

A TRANSFORMATIONAL MOVE TO INNOVATIVE, CLEAN ENERGY TECHNOLOGY ACROSS ALL ASPECTS OF THE ECONOMY WILL HELP TO DRIVE AND SUPPORT THE GROWTH OF THE CITY REGION ECONOMY.

The scale of opportunities to create new products and drive business growth in this field is increasing rapidly. Global investment in renewable energy now outstrips that on fossil fuel power (amounting to £23 billion in the UK in 2015). Coal powered energy generation is being phased out, with Drax due to become 100% biorenewables powered. Northern Gas Network's pioneering hydrogen conversion project in Leeds will enable large scale decarbonisation of the gas network, creating an at-source hydrogen supply and a natural home for new hydrogen based tech.

These developments are rooted in innovation, offer huge business opportunities and will help to make the City Region an attractive location that is more self-reliant and resilient to the fluctuations of unpredictable energy markets. Improvements in energy efficiency and carbon reduction have led to the City Region being rated as one of the most successful areas in England in this sphere of activity.* Now, a group of councils here have pledged to be '100% clean' by 2050.

Alongside a clean energy system, high quality green infrastructure will be critical to the resilience of the City Region, protecting homes, businesses and utilities from the risks of flooding, whilst bringing benefits to the wider economy by supporting inward investment, higher staff retention and improved health outcomes.

Given this analysis, our future focus is on both cost effective, clean energy and 'environmental resilience'. By the latter, we mean investing in a quality natural environment and utility infrastructure that supports adaptation to the impacts of climate change, attracts investment, and supports quality of life and the goal of becoming a zero carbon energy economy.

Delivering this priority will:

- build expertise and innovation and promote the City Region as a centre of intellectual capital;
- use enhanced environmental quality and resilience to attract talent, investment and entrepreneurs; and to adapt to a changing climate with increasing flood risks;
- create economic opportunities and jobs in the low carbon, energy and environmental sector (many of them skilled and in key sectors such as engineering);
- enhance energy security, resilience and resource streams in the face of volatile energy markets;
- use energy efficiency and design measures to reduce costs for businesses and households;
- help to reduce fuel poverty, with benefits for health and spending in local economies; and
- position the City Region at the forefront of global action to reduce carbon emissions.

Leeds City Region has marked strengths and assets in this area. It has energy assets which generate a major share of the UK's energy; an outstanding natural environment and a strong track record in green infrastructure development.

Furthermore we have excellent expertise and intellectual capital (e.g. in universities and business), a well-developed energy sector with growth potential and £300 million of energy projects in the pipeline. We will build on these strengths in implementing this strategy.

* Sustainability West Midlands, Fit for the Future: Local Enterprise Partnerships' climate ready and low carbon economy good practice, January 2016

APPROACH

THE CITY REGION'S ONGOING TRANSITION FROM LARGE SCALE AND PREDOMINANTLY FOSSIL FUEL BASED POWER GENERATION TO CLEAN, LOW CARBON ENERGY WILL BE ONE OF THE MOST DRAMATIC IN THE UK, BRINGING WITH IT INNOVATION, EXPERTISE AND OPPORTUNITIES FOR SECTOR DEVELOPMENT, GROWTH AND EXPORTS.

Our integrated approach combines a focus on energy generation, efficiency and innovation with the development of excellent green infrastructure that will attract investment and boost resilience.

To deliver this we recognise that we must nurture strong and effective partnerships with LEP areas across the North. Whilst we each have individual sectoral strengths, there are key areas where joint working will bring even better outcomes. In the case of bio-renewables and the wider bio-economy we will work closely with York, North Yorkshire and East Riding. On hydrogen conversion of the gas network we will seek to work in partnership with Tees Valley as well as major industrial producers of hydrogen such as Liverpool City Region. On industrial decarbonisation we will work with partners across the area where clustering of retrofit technologies makes best economic sense.

As a post-industrial region there are real and unavoidable challenges in moving to a low carbon economy. Significant investment is required in our energy intensive industries if they are to remain competitive in the future. Traditional forms of energy generation, currently supporting many households and families in some of the most deprived areas of the City Region, will become untenable in the future. If not planned properly, the move to a zero carbon energy future could create wealth in some areas whilst leaving other communities vulnerable. In the delivery of this strategy we will work closely with the industry and central government to ensure a 'just transition' where the benefits of a low carbon economy are felt by all.

Within the context of changing energy markets and technologies, innovative **new energy generation** offers potential for rapid business growth within the sector, and for long term benefits to households and businesses across the City Region through improved energy security and lower costs. This includes both better exploiting existing opportunities such as district heat networks and becoming a leader in new fields such as the use of hydrogen as a fuel.

A key need is to move from concept to commercialisation by bringing together academic expertise and businesses, piloting new technologies and bringing them to market. Leeds City Region has world leading university expertise in this area,* and there is real potential to build the City Region's profile as a place that brings together global thinking and which drives innovation.

Energy is also central to **resource efficient business.** Companies can gain cost and competitiveness advantages from highly efficient use of energy and natural resources. This includes aspects such as vehicle fuels and usage, and it will often make sense to integrate responses to other low carbon and climate change issues alongside work on energy, for instance around waste, water and flood resilience.

* For example, the University of Leeds provided five lead authors on the latest UN IPCC report and has expertise in areas such as energy, water and atmospheric science; the University of York has leading expertise in fields including bioenergy; the University of Bradford has strengths in Environmental Science and the circular economy; and Leeds College of Building is at the forefront of 'green building'.

There are opportunities both in SMEs (which are often less aware of resource efficiency opportunities), and in energy intensive industries, where resource smart technologies have potential to reduce costs and to create new revenue streams, such as around carbon capture and utilisation.

Within communities, there is **great scope for energy efficiency to empower consumers.** Best practice in energy technologies, efficiency and design in homes can dramatically reduce costs and fuel poverty and improve health outcomes, with the potential benefits greatest for those with low incomes. Other opportunities include the potential for municipal energy companies to benefit local communities and improve choice.

There is clear evidence that creating and maintaining attractive networks of green space, woodland, waterways, habitats and wildlife add not only to the attractiveness of places, but also to their economic value and to health. Reflecting this, **high quality green infrastructure*** design will be central to the way in which we plan and shape places and developments and the corridors that connect them. This will include examining how green infrastructure can complement (or in some instances act as an alternative to) 'hard' flood defences in mitigating major and increasing flood risk issues facing homes, businesses, utilities and wider infrastructure in some parts of the City Region.

The City Region's rural areas have enormous potential in this regard. We will update the City Region's Green Infrastructure Strategy (working with the Local Nature Partnership) and ensure there is a delivery plan for its implementation. The strategy will include integration of green infrastructure into spatial priority areas (see Priority 4) and their catchments, and also go beyond these where there are key opportunities to deliver economic value and resilience.

Energy and green infrastructure schemes will often be targeted on particular places. For instance Leeds is set to become the first 'Hydrogen City' in the UK and district heat networks will be based in specific centres such as Bradford, Huddersfield and Leeds. Other programmes will focus on community ownership or benefit from energy assets in specific locations across the City Region, or programmes that extend across the whole area. Work on green infrastructure will combine a catchment based approach with a focus on maximising the resilience of key assets (including energy supplies) and at risk areas such as the Calder Valley, York and Leeds.

HOW THIS PRIORITY WILL BE IMPLEMENTED TO ACHIEVE GOOD GROWTH

- Enhance productivity through innovative energy solutions, 'smart cities' activity and new technology
- Ensure flood resilience measures benefit businesses and productivity as well as homes
- Target home improvements to benefit disadvantaged communities and reduce fuel poverty
- Ensure schemes which offer community ownership and financial benefits include lower income areas
- Design schemes that progress and balance environmental goals and add to quality of place
- Support transition to low carbon energy

* DCLG Planning Guidance defines green infrastructure as a network of multifunctional green space including parks, open spaces, playing fields, woodlands, street trees, allotments and gardens, and (as is the case in our usage of the term here) it can also include streams, canals and other water bodies.

PRIORITY 4: INFRASTRUCTURE FOR GROWTH

PRIORITY 4 SUMMARY	
AIM	**To build a 21st century physical and digital infrastructure that supports the City Region to grow and compete globally; and to do this in a way that enhances places, transforms connectivity, maximises GVA benefits, minimises carbon impacts, and enables all businesses, people and places to have access to opportunities**
KEY ACTION AREAS	**PRIORITIES**
(A) INTEGRATED SPATIAL PRIORITY AREAS	• Establish a Leeds City Region Infrastructure Investment Framework that sets out the detail of spatial priority areas and their infrastructure requirements • Prioritise investment in spatial priority areas to maximise the City Region's economic, housing and regeneration potential • Enhance collaborative working on the evidence base that supports spatial planning
(Ai) URBAN GROWTH CENTRES	• Support mixed use growth in Urban Centres identified as spatial priority areas through the development of key infrastructure including employment, commercial and residential opportunities
(Aii) HOUSING GROWTH AREAS	• Accelerate delivery of new homes in spatial priority areas in balanced and sustainable communities • Deliver affordable home ownership options and sufficient supply of affordable rented homes • Enhance support for SMEs in construction, including promoting an increase in self build, custom build and modular homes delivery • Explore models and options to influence the direct delivery of housing • Improve the energy performance of housing to address fuel poverty and health impacts
(Aiii) EMPLOYMENT GROWTH AREAS (INCLUDING MIXED USE EMPLOYMENT SITES AND ENTERPRISE ZONES)	• Accelerate delivery of employment growth areas and supporting infrastructure to facilitate sustainable job growth • Identify and deliver upfront infrastructure to tackle development constraints • Deliver a comprehensive inward investment and marketing solution for all Leeds City Region Enterprise Zones
(B) TRANSPORT INFRASTRUCTURE AND SERVICES	• Deliver the package of 31 strategic projects prioritised within the £1 billion West Yorkshire plus Transport Fund • Identify, prioritise and deliver schemes within a second and further rounds of West Yorkshire plus Transport Fund • Maximise opportunities and improvements through investment across modes beyond the Transport Fund, e.g. HS2, Northern Powerhouse Rail, Transport for the North, smart motorways, smart ticketing, improved rail franchises and improved bus services • Deliver sustainable and affordable travel services and initiatives to promote access to employment, education and training
(C) INTEGRATED FLOOD RISK REDUCTION	• Develop an integrated whole catchment flood management and adaptation programme, including strategic green infrastructure (linked to Priority 3, Key Action Area D)
(D) DIGITAL INFRASTRUCTURE	• Deliver West Yorkshire and York Superfast Broadband programmes and related business take-up and support activities (linked to Priority 1, Key Action Area D) • Explore opportunities to use alternative technologies to improve the City Region's digital infrastructure
HEADLINE INITIATIVES	• Deliver 30+ West Yorkshire plus Transport Fund schemes and make progress towards a single 'metro style' public transport network, connected to major national/northern schemes such as HS2 and Northern Powerhouse Rail • Develop and regenerate integrated spatial priority areas, supporting employment, quality environments and the building of 10,000-13,000 new homes per year • Develop an integrated flood risk reduction programme, incorporating flood defences; green infrastructure and resilient development
KEY PARTNERS	Investors, utility providers, industry and small businesses, LEP/Combined Authority, universities, local authorities, community groups, DECC, Innovate UK, Local Nature Partnership (and constituent organisations), scheme specific partners
SUCCESS MEASURES	This priority will support progress on headline indicators related to: • Increased integration of up-to-date district Local Plans to ensure a coordinated approach to development delivery • Increases in GVA and job growth • Increases and acceleration in the number of new homes built, including affordable homes, and employment / commercial floorspace • Increases in the amount of brownfield land and buildings brought back into use and / or development ready • Increases in connectivity bringing people, places and jobs closer together • Reduced number of hospital admissions related to poor quality, cold and damp homes • Reduced delays, congestion and faster journey times across all transport modes and both within and beyond the City Region • Increase in super / ultrafast broadband network coverage and access / take-up by businesses and households • Reduced carbon emissions and vehicular air pollution, improved environmental quality • Sufficient supply of both minerals and waste treatment facilities to sustain and support the City Region's continued development and sustainable growth

RATIONALE

HIGH QUALITY INFRASTRUCTURE IS THE BEDROCK UPON WHICH ECONOMIC SUCCESS IS BUILT. WE HAVE BEGUN TO MAKE PROGRESS WITH RECENT INVESTMENTS IN THE BROADBAND NETWORK AND THE SECURING OF THE £1 BILLION WEST YORKSHIRE PLUS TRANSPORT FUND THAT WILL SIGNIFICANTLY ENHANCE ROAD, RAIL AND BUS LINKS WITHIN THE CITY REGION OVER THE NEXT 10 YEARS.

But we are far from achieving our aim under this priority of having high quality 21st century physical and digital infrastructure – including transport services - because:

- Decades of underinvestment has left a transport infrastructure that does not go far enough to easily, quickly and affordably connect business, people or communities within the region or beyond. These issues will only partially be rectified by the West Yorkshire plus Transport Fund.

- We need many more good quality and energy efficient homes of the right size and at the right price to enable people to have a choice in where they live and to support a growing workforce.

- Whilst much activity is now happening without the need for additional public sector intervention, market conditions remain challenging and, even in prosperous places, the regeneration we wish to see often still requires public intervention to correct market failures and de-risk investment.

- There are hurdles to overcome in establishing the strategic planning needed to align key infrastructure projects.

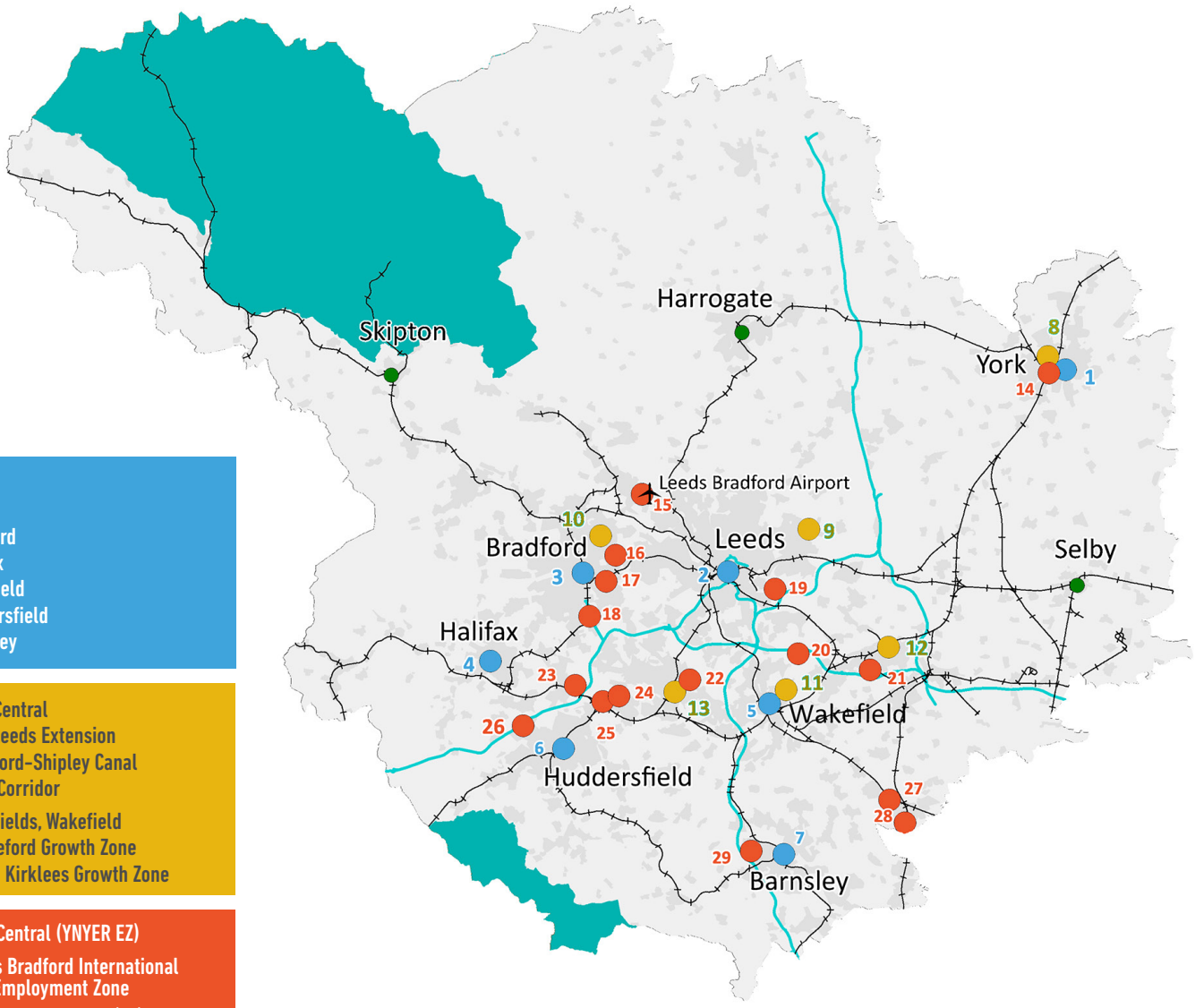
- As we saw in December 2015, businesses and homes in some parts of the City Region remain highly vulnerable to flooding.

There are, nevertheless, many opportunities in the City Region that we can build on to accelerate progress towards our aim, as are set out in the section below. This strategy sets the framework for collaboration with and between districts, a wide range of agencies and with central government in order to agree on a collective approach to the development of places across the City Region.

APPROACH

WE HAVE BUILT ON AND DEVELOPED THE CITY REGION'S PLACE-BASED FOCUS, WHICH IS TO BE BASED ON AN INTEGRATED SET OF 'SPATIAL PRIORITY AREAS'. THE SPATIAL PRIORITY AREA APPROACH IS TO TAKE A 'WHOLE-PLACE' VIEW OF THE INFRASTRUCTURE NEEDS AND OPPORTUNITIES OF THE DISTINCT CENTRES AND DEVELOPMENT LOCATIONS ACROSS THE CITY REGION.

LEEDS CITY REGION SPATIAL PRIORITY AREAS



KEY

1 York
2 Leeds
3 Bradford
4 Halifax
5 Wakefield
6 Huddersfield
7 Barnsley

8 York Central
9 East Leeds Extension
10 Bradford-Shipley Canal Road Corridor
11 City Fields, Wakefield
12 Castleford Growth Zone
13 North Kirklees Growth Zone

14 York Central (YNYER EZ)
15 Leeds Bradford International Airport Employment Zone
16 Gain Lane, Bradford (EZ)
17 Parry Lane, Bradford (EZ)
18 Staithgate Lane, Bradford (EZ)
19 Leeds (Aire Valley) (EZ)
20 Newmarket
21 Glasshoughton
22 Chidswell
23 Clifton Business Park (EZ)
24 Moor Park, Mirfield (EZ)
25 Cooper Bridge
26 Lindley Moor East and Lindley Moor West (EZs)
27 South Kirkby Business Park (EZ)
28 Langthwaite Grange Extension (EZ)
29 Barugh Green

Urban Growth Centres
Employment Growth Areas
Housing Growth Areas
Rail Line
National Motorway
National Parks
Urban Areas

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Successful development in each case will require coordinated action across a range of activities such as transport, employment, business premises, housing, digital, health, flood mitigation and green infrastructure (see also Priority 3 of this strategy).

The Combined Authority and the LEP will work to ensure that spatial priority areas develop in ways that support good growth, for example, by maximising local supply chain and employment opportunities from major developments (construction and end use); extending job and apprenticeship opportunities to help tackle unemployment and poverty; and ensuring development is sustainable and minimises impacts on the environment and people's health.

This will include exerting influence through planning and procurement and making links to skills policy and intervention. Additionally, it will include ensuring a sufficient supply of minerals and waste infrastructure to sustain and support growth in housing, business and transport infrastructure.

A rounded understanding of the needs of each area can only be developed through an effective and broad partnership. That will include the LEP, the Combined Authority, local government, the Environment Agency, the Homes and Communities Agency, Highways England and the private sector.

A new Leeds City Region Infrastructure Investment Framework, to be developed by late 2017, will provide a complete picture of this partnership and show how different funding sources, including private sector investment, will be brought together to support all the types of infrastructure needed in a place. This will maximise coordination and leverage to achieve more and better economic, social and environmental outcomes.

The Framework will be a valuable tool in aligning local planning policy, investment and delivery through stronger partnership working in relation to the Duty to Cooperate.

The City Region's spatial priority areas (set out below) have been identified as potential major areas for growth based on a shared City Region and local evidence base that draws on factors such as housing need and market geographies, strategic employment land supply and transport needs. Each spatial priority area is driven by a particular aspect of development, although an integrated approach will apply in all cases. Reflecting this, three categories of spatial priority area have been identified, which take forward existing and agreed new priorities:

- Urban Growth Centres (which are focused on large town or city centres).
- Housing Growth Areas.
- Employment Growth Areas (including mixed use employment sites and Enterprise Zones).

CATEGORY OF SPATIAL PRIORITY AREA	AGREED THROUGH SEP1	AGREED ADDITIONAL PRIORITIES FOR SEP2
Urban Growth Centre spatial priority area	• Barnsley • Bradford • Halifax • Huddersfield • Leeds (including South Bank linked to HS2) • Wakefield • York	
Housing Growth Area spatial priority area	• City Fields, Wakefield • East Leeds Extension • York Central • Bradford-Shipley Canal Road Corridor	• Castleford Growth Zone • North Kirklees Growth Zone
Employment Growth Area spatial priority area (including mixed use employment sites and Enterprise Zones)	• Leeds (Aire Valley) EZ • Cooper Bridge • Newmarket (J30, M62) • Glasshoughton • Chidswell • Barugh Green, Barnsley	A) Nine M62 Corridor EZ sites: • Gain Lane, Parry Lane and Staithgate Lane (Bradford) • Clifton Business Park (Calderdale) • Lindley Moor East, Lindley Moor West and Moor Park Mirfield (Kirklees) • South Kirkby Business Park and Langthwaite Grange Extension (Wakefield) • Plus York Central (a York, North Yorkshire and East Riding Local Enterprise Partnership EZ) B) Leeds Bradford International Airport employment zone

The programmes of investment for each area are under review, but action will include a mix of delivery of existing schemes for business, residential and mixed use, alongside delivery plans to unlock and accelerate new opportunities. All spatial priority areas will include consideration of digital infrastructure requirements and design in green infrastructure, flood resilience and good practice on low carbon and environmental standards. In all cases there will be focus on ensuring that there are good transport links and services between where people live and where they work, including for those without access to a car.

The LEP and the Combined Authority will adopt a proactive and flexible approach to the list of City Region spatial priority areas in order to allow for identification of new growth priorities following further development work and planning processes, for example future Enterprise Zones or other new opportunities of City Region significance. This approach, alongside criteria for adding or deprioritising spatial priority areas, will be further detailed in the Infrastructure Investment Framework, with a view to ensuring that the set of spatial priority areas cover a focused set of opportunities which will have the most positive impact on good growth.

We will strengthen, support and grow the City Region's **Urban Centres.** As hubs of economic activity, these make a major contribution to the economy, as well as being centres of residential, leisure and cultural significance. Activity will focus on identifying and developing the necessary infrastructure and services to enable these centres to have a high quality offer and a strengthened and sustainable economic role. This will include ensuring they have the 21st century digital infrastructure that is needed to drive business competitiveness and innovation.

The scale, nature and quality of the **housing stock** across the City Region is a critical element of the infrastructure needed to support our ambitions and inclusive economic growth.

The recession of 2008 led to a dramatic reduction in housebuilding; current build rates are now a little above their low point at approximately 7,000 per annum, and are slowly rising. Additionally, we are seeing an increasing proportion of new housing stock now being brought forward by private developers. But despite having planning permissions in place for over 60,000 new homes in the City Region (40,000 of which are on brownfield sites), and many other permissions coming through the pipeline, in many places speed of delivery remains slow.

Site viability, access to funding (particularly for SME developers), and land banking continue to act as barriers to development. Affordability, quality in parts of the private rented sector, and the need for a better mix of tenure and stock to support a changing population are also key issues.

We will continue to address development barriers in order to accelerate the pace and rate of house building, particularly on brownfield sites, including developing, investing and supporting a long term deliverable pipeline of housing schemes through both the public and private sectors. This will include working with new innovative building techniques such as modular homes; stimulating appetite to develop sites with more marginal viability; and supporting SMEs, and self and custom build.

Housing Growth spatial priority areas will be a key focal point for this activity and will see intensive effort to align plans for housing growth with investment in transport, environmental, skills and employment infrastructure and opportunities, as well as plans for minerals and waste. We will continue to work in partnership across the LEP, the Combined Authority, local government, the HCA, health sector, registered providers and the private sector; and will do this in the context of the evolving national housing policy environment. This approach is essential if we are to ensure the 10,000 – 13,000 new homes per annum needed in the City Region by 2021 and beyond are built.

In **Employment Growth Areas** we will facilitate the upfront delivery of supporting infrastructure, seeking to align investments in transport, green infrastructure and skills to ensure businesses located in these areas have the correct environment to thrive, grow and invest in the City Region. These areas are an important aspect of our plan to promote sustainable and balanced job growth. As such, enhanced connectivity is likely to be a significant aspect of our approach in order to facilitate both access to skilled labour markets as well as the efficient distribution of goods and services.

Employment Growth Areas include the City Region's **Enterprise Zones.** These comprise the existing Leeds (Aire Valley) Enterprise Zone, and the M62 Corridor Enterprise Zone across nine sites in Bradford, Calderdale, Kirklees and Wakefield, as announced in 2015.

The new Enterprise Zone capitalises on existing concentrations of manufacturing businesses within West Yorkshire, maximising the value of the M62 Corridor as a strategic location ideally suited to facilitate access to a wide pool of skilled workers.

It has the potential to deliver approximately 100 hectares of new employment land for the advanced and innovative manufacturing sector. We will also continue to work closely with the York, North Yorkshire and East Riding LEP to support delivery of the York Central Enterprise Zone which is located within the York Growth Centre.

The early development of Enterprise Zones is a priority and will provide a catalyst for further regeneration activities across the City Region. Within Enterprise Zones, we will utilise retained business rate income to accelerate their development. The focus of the Zones on specific sectors such as advanced and innovative manufacturing aligns with our approach to inward investment and business growth, set out in Priority 1 of this strategy, and will be positioned as such in all investment propositions.

Efficient inter and intra City Region transport, along with international connectivity, are essential to the functioning of a modern economy. They underpin business efficiency, stimulate investment, connect people to job opportunities and open up competition and trading routes. We welcome the substantial funds secured through the Growth Deal to invest locally to improve transport infrastructure, but must continue to work with government to find ways to address all of our connectivity needs, turn around decades of under-investment and support our economic ambitions.

Over the next decade, through the City Region's £1 billion West Yorkshire plus Transport Fund, we will deliver a package of 31 strategic projects prioritised around five types of schemes listed below and targeted at supporting good economic growth through improved connectivity between urban centres and strategic housing and employment growth sites across the City Region:

- **Radial improvements**, focused on public transport solutions that allow more people to travel into urban centres quickly and affordably (e.g. rail station gateways, parking and bus packages).
- **Ring road improvements** that allow efficient movement of goods and people around urban centres (e.g. York Northern Outer Ring Road improvements, Wakefield Eastern Relief Road).
- **Transformation** of key development areas (e.g. Aire Valley, Leeds; Shipley Canal Road Corridor, Bradford; Cooper Bridge, Kirklees; East Wakefield).
- Improved **motorway access** (e.g. Halifax-Huddersfield A629 corridor improvements).
- **Improvements between major centres** to ensure high capacity, modern, fast and attractive connectivity (e.g. Leeds-Bradford; Huddersfield-Halifax).

In addition to the Transport Fund investment that will produce significant improvements to connectivity within the City Region, there are a series of major developments at the northern and national level that will also bring major – in some cases, transformational – improvements to our connectivity. These are set out in the box below.

TRANSFORMATIONAL TRANSPORT INVESTMENT

OVER THE NEXT 20 YEARS, TRANSPORT CONNECTIVITY ACROSS BRITAIN – AND ESPECIALLY IN THE NORTH – WILL BE TRANSFORMED BY A SERIES OF MAJOR PROJECTS BEING DELIVERED BY NETWORK RAIL, HIGHWAYS ENGLAND, TRANSPORT FOR THE NORTH, COMBINED AUTHORITIES AND LEPs.

The primary aim of these investments is to expand connectivity in a targeted way to support economic growth; spread the benefits of that growth; ensure it is environmentally, financially and socially sustainable; expand business and labour catchments and improve business productivity. The rail enhancements alone will support increased levels of commuting into and around our major urban centres, so supporting sustainable growth from a wider labour catchment. They will also support better business-to-business connections, particularly relevant for the financial, digital and education sectors.

The following investments within Leeds City Region are planned:

- Wide package of **rail franchise improvements,** specifically supporting a 40% increase in capacity to be fully in place by 2019
- **Trans-Pennine electrification** programmed for delivery by 2022, including modern rolling stock, faster services and more frequent and higher capacity services. Scope for additional stations is also being investigated at key growth locations
- **Calder Valley Line** speed improvements and new rolling stock in place by 2018 providing alternative capacity on east-west routes during the Trans-Pennine electrification construction programme; with the case for full electrification developed and proposed for introduction in 2025/26
- Roll out of a **smart motorways** programme completed by 2020 leading to greater resilience, better management of congestion, additional capacity and improved information for road users. This will support business activity, reducing costs and improving reliability and productivity
- **HS2**: operational by around 2032 with new high speed rail lines running between Leeds and York, the east midlands and London, and Leeds and Sheffield; and itself kick-starting one of the largest regeneration programmes in Europe at Leeds' South Bank
- **Northern Powerhouse Rail**: the need for better east-west connectivity via a high speed rail network linking Liverpool, Manchester, Leeds, Sheffield, Hull and Newcastle has been identified by Transport for the North and the National Infrastructure Commission. Options are being investigated, but the Leeds to Manchester route remains the priority
- Options for **transformed bus services** to be in place from 2020 to build on smart card ticketing and support sustainable commuting and expand labour catchments

These schemes have the potential to transform connectivity for businesses and residents of Leeds City Region. To make the most of this opportunity, the LEP and the Combined Authority will need to work with local and national partners from the public and private sectors to ensure that we put in place the best possible network and ensure that the benefits from these investments can be maximised and be accessible to all.

In this context, the Combined Authority and the LEP are reviewing options for future improvements to the intra-City Region network. In doing so, the goal will be to ensure that our transport system maximises the benefits of HS2, Northern Powerhouse Rail and other major national developments to all parts of the City Region; and meets future transport needs in a way that minimises congestion, carbon and pollution impacts, plays a part in improvements to quality of place and encourages healthier travel options.

Options will be set out, with detail on delivery, in the forthcoming West Yorkshire Single Transport Plan and other relevant transport plans for road, rail, bus and smarter travel choices. The principles underlying future transport investments and policies over which we have control and influence will include the following:

- Development of an **integrated, accessible transport** system which meets the needs of people and business and connects new and existing centres of work and of population; including transport infrastructure and services to support the growth and regeneration of spatial priority areas;
- Support for an **efficient, well maintained and resilient highways network,** optimised by real time traffic management and information systems, providing new or improved access to unlock development, and where possible designed to move traffic away from town and city centres;
- Establishment of a **fully integrated 'metro style' City Region public transport network,** further enhancing rail travel and spreading the benefits to communities of rail schemes such as HS2 and improved Trans-Pennine rail links, and integrating a bus network that delivers what customers want and which supports growth, inclusion and accessibility;
- Full exploitation of **new and 'smart' technologies** to provide travel information, smart ticketing and payment systems and better traffic management;
- **Improved environment** through the reduction of carbon emissions and air pollution from transport; the achievement of clean air standards and the creation of liveable centres and neighbourhoods; steps to reduce demand for travel, influence modal choices and support electrified transport options;
- Establishment of **cycling** as a major mode of transport, with increased active travel benefiting health; and
- Ensuring that transport systems **serve all communities**, including disadvantaged and rural ones.

The right transport services need to be combined with policy and infrastructure to connect all communities to inclusive, sustainable growth and to maximise the impact of investment.

For example, public transport services need to have good quality, frequency, speed, reliability and affordability if they are to be well used. We will build on existing partnerships with a wide range of agencies and businesses to deliver sustainable travel initiatives to promote access to employment, education and training with a particular focus on more disadvantaged and peripheral communities. Initiatives are likely to include public transport ticket incentives, tailored and real time travel information and other support to tackle barriers to the uptake of jobs and training. By working with bus operators and key stakeholders to grow the bus market and generate additional revenue we will be able to help fund further investment in services and facilities.

Leeds Bradford International Airport **connects the City Region internationally.** A better connected airport will help to promote business growth in our key sectors and other industries, and to attract more investment. Passenger numbers have been growing rapidly, and are forecast to continue to do so, while the proposed employment zone will add further to the need for better connectivity. A better connected airport in terms of higher quality highway and public transport links is required to unlock its full economic potential. A new road to the airport is already part of the programme of the West Yorkshire plus Transport Fund, while the business case for additional improvements is also under consideration.

Many City Region residents will continue to use Manchester Airport, a major hub airport for business and leisure travellers alike. Transport links to it are therefore important to the City Region. A number of improvements are already in the pipeline as a result of new franchise agreements, and we will continue to support further enhancements where possible.

High quality digital infrastructure supports all priorities of this strategy. Schemes such as Super Connected Cities and Superfast West Yorkshire and York, as well as North Yorkshire projects, continue to deliver major digital infrastructure improvements. But we want to go further still to ensure no business – in urban or rural areas – faces digital disadvantage that holds back growth and perpetuates exclusion.

Currently, superfast broadband coverage sits at around 96%, with an ambition and infrastructure programmes in place to reach 99% by 2018/19. However, this is about more than infrastructure. We want to go further and faster to ensure that Leeds City Region fully capitalises upon the capacity of rapid digital technology advances and open data, aligned to the capacity of businesses to deliver investment and productivity improvements, and opportunities to transform outcomes for residents – such as on health, transport and education.

We will work with industry to explore the opportunities to use alternative technologies that improve digital infrastructure across the City Region, and alongside this, work through the LEP Growth Service to support business awareness and take-up of the opportunities that are presented by enhanced digital connectivity (see Priority 1 for detail).

Serious floods in areas such as the Calder Valley, York, Leeds and Tadcaster have made it all too clear that flood mitigation is a key issue that affects businesses and the economy as well as homes. Without intervention, climate change is likely to increase flood risks in the future.

City Region partners will develop an **integrated approach to flood risk reduction** and mitigation which brings together relevant partners and resources and includes flood defences; natural flood management, sustainable drainage measures; planning, resilient development; preventive measures in existing businesses; and influencing activity.

The approach will cut across organisational and geographic barriers, so that it is catchment-based and brings together all the relevant public and private bodies, including neighbouring LEP areas. This will be integrated with work on green infrastructure, which includes but also goes beyond spatial priority areas.

HOW THIS PRIORITY WILL BE IMPLEMENTED TO ACHIEVE GOOD GROWTH

- Deepen relationships with the investor and development community to influence the scale, location and quality of investment and to ensure it is aligned to policy on business growth, skills, inclusion and transport to widen access to work and deliver high quality sustainable communities
- Support the most disadvantaged to access jobs through employment in the delivery of major schemes and their subsequent end use (including through procurement and planning processes), and through excellent connectivity between population centres and economic opportunity
- Specify and influence the quality, type, location and energy efficiency of homes/premises to reduce fuel poverty and carbon emissions, minimise extra travel and ensure the accessibility of jobs and services
- Join up health and housing policy and investment to ensure all residents have access to good quality homes and environments, which support health and wellbeing and reduce demand for health services
- Adopt best practice green infrastructure solutions as an intrinsic element of spatial planning and future-proofing investment
- Use modern transport solutions including SMART systems, alternative vehicle fuels, and ICT solutions that reduce the need to travel and improve air quality

CHAPTER 4

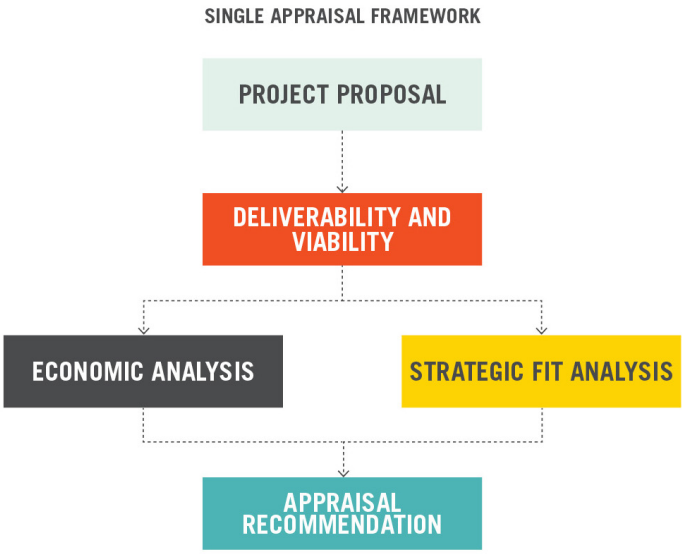
ASSURED DELIVERY

ASSURED DELIVERY

IN VIEW OF THE GROWING LEVELS OF INVESTMENT AND FUNDING UNDER LOCAL CONTROL OR INFLUENCE, IT IS ESSENTIAL THAT THERE ARE ROBUST, TRANSPARENT AND ACCOUNTABLE PROCESSES IN PLACE TO ENSURE VALUE FOR MONEY FOR THE PUBLIC PURSE.

Since the publication of the first SEP in March 2014 significant steps have been made to further develop our governance and decision-making processes and procedures. Agreed in March 2015 by the LEP Board and the Combined Authority, our **Assurance Framework** sets out the safeguards and processes that we have put in place to ensure the proper use of public funds and that value for money is secured from all the funding under our remit.

We view the Assurance Framework as an essential part of good practice and as an asset which further builds government trust in the partnership's capability to take its own investment decisions.



The **Single Appraisal Framework (SAF)** forms a vital component of our Assurance Framework. The SAF does not make decisions; instead it informs decision-making by ensuring cases for funding that meet the strategic priorities of the SEP are based on the right sort of investment, are affordable, deliver economic impact and value for money.

During 2014 and 2015 the SAF helped allocate over £100 million to projects across the City Region, including transport, housing and regeneration, skills capital and innovation and enterprise support.

Our decision-making processes are continually evolving to learn from experience. The SAF will be updated to ensure that every project in which the City Region invests is assessed for its contribution to the good growth principles of this Strategy. In this way, these principles will become a central part of our decision making.

A Finance Handbook has also been developed to ensure that decisions can be taken speedily while still adhering to the highest standards. Additionally, a Portfolio Management Office is being established within the Combined Authority to provide the appropriate level of resource needed to ensure the successful and co-ordinated delivery of the complex range of projects and programmes undertaken by the Combined Authority and the LEP.

APPROACH TO INTELLIGENCE AND EVALUATION

TO SUPPORT OUR OVERALL MONITORING AND EVALUATION ACTIVITIES WE ARE WORKING CLOSELY WITH NATIONAL AND LOCAL POLICY EVALUATION EXPERTS

This includes the **What Works Centre for Local Economic Growth,** the **Institute for Transport Studies** at the University of Leeds and a number of **Evaluation Working Groups** coordinated by BIS, such as the Business Growth Hub Evaluation Task and Finish Group.

Effective knowledge transfer will be key to helping inform our approach to impact evaluation and robustly assessing which policies are most effective in supporting and increasing local economic growth.

A draft **Leeds City Region Evaluation Strategy** has been agreed in principle with government and will be used to further assess how well and cost-effectively schemes have delivered, and the learning points that have emerged.

Our strategy will play an important role in strengthening our evidence base in order to inform policy development and assist in the design and delivery of future policy.

ANNEX

ANNEX

GROWTH FORECASTS, RISKS AND ASSUMPTIONS

THIS ANNEX SETS OUT THE ECONOMIC AND GROWTH FORECASTS FOR LEEDS CITY REGION (BASED ON THE MOST RECENT DATA AVAILABLE AT THE TIME OF WRITING IN MARCH 2016), AROUND WHICH THE POLICIES AND PRIORITIES WITHIN THIS STRATEGY ARE BROADLY BASED.

However, economic realities do not always follow what has been forecast, and in a climate of global economic uncertainty and volatility, there is potential for growth to be significantly different to that which has been forecast. The likelihood and scale of such variation increases the further ahead a forecast covers.

This SEP and its core policies and priorities assume that growth will broadly be in the range of the most recent forecast, in effect a 'middle scenario'. However, if growth is either significantly higher or lower, that is likely to impact on economic conditions in the City Region and will raise opportunities, threats and questions that should be addressed.

The tables in this annex cover potential impacts and policy responses for high and low growth scenarios, with the former assumed to be growth rates of around 2% above the current SEP baseline economic output forecast (of an average of 2.1% per year) and the latter assumed to be up to 2% below the baseline forecast.

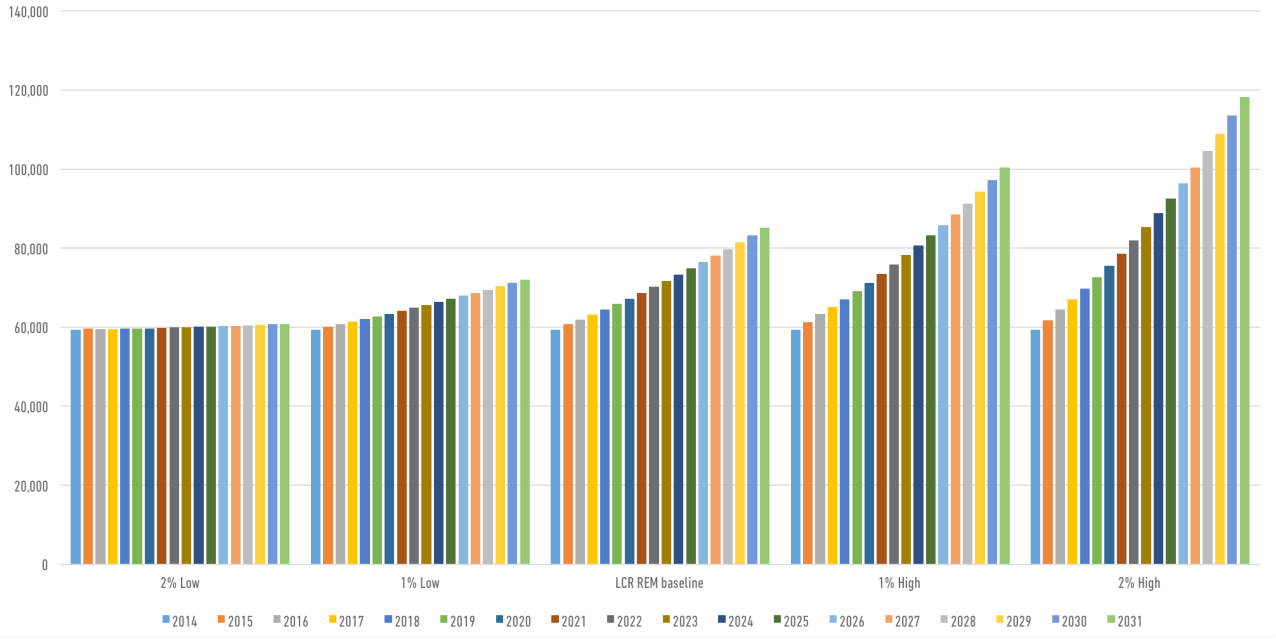
A series of wider economic and political events could also have significant economic impacts, such as a British exit from the EU, radical regional devolution, or changes in geo-political trade and stability. In line with the flexibility inherent within this strategy, the potential risks, opportunities and responses to such events will be reviewed as they happen or appear likely to.

ECONOMIC FORECASTS

The graph below presents the Regional Econometric Model (REM) baseline economic forecast for 2016-2031 which suggests that GVA will rise to £85 billion by 2031.

It also shows four variant scenarios based on 1% and 2% higher and lower growth rates relative to the baseline over the same period.

SENSITIVITY TESTING LCR GROWTH PROSPECTS, 2015-2031



The high growth scenario is based on assumed improvements in fixed investment, exports, employment, and maintenance of current levels of domestic demand and labour market strength, and inflation just above the current target.

The three remaining scenarios incrementally imply less favourable assumptions.

The key headlines for the scenarios analysis are:

- In the 2% higher growth scenario, the City Region economy would grow by 28% more than in the baseline scenario and reach £118 billion by 2031.
- In the 1% higher growth scenario, the City Region economy would grow by 15% more than in the baseline scenario and reach £100 billion by 2031.
- In the 1% lower growth scenario, the City Region economy would grow to £72 billion (£13 billion below baseline).
- In the 2% lower growth scenario, the City Region economy would see only minimal growth to £61 billion by 2031. The long run stagnation in activity implied by this scenario is highly improbable but illustrates the significant impact on Leeds City Region's structural growth prospects. It helps to illustrate that the 1% scenario gives a much more realistic assessment of a prolonged period of lower growth on the the City Region economy.

ECONOMIC SCENARIOS, RISKS AND STRATEGIC RESPONSES BY PRIORITY

The tables that follow set out impact scenarios and responses for significantly higher or lower growth than forecast for each of the SEP's four strategic priorities. These are intended to cover key examples, not all eventualities, and a more detailed review should be triggered if the economy deviates significantly towards either scenario.

A 'middle' scenario is not shown, as the core of this strategy is based upon medium level growth as forecast through the REM.

The 'High' and 'Low' growth forecasts referred to in the table start at growth of 1% higher or lower than forecast (i.e. above around 3% and below around 1% respectively) with the importance of the responses increasing as growth rates deviate further from the baseline in both cases.

PRIORITY 1: GROWING BUSINESSES

GROWTH SCENARIO	POTENTIAL IMPACTS	POTENTIAL RESPONSES
High Growth	Enhanced growth prospects for businesses and greater willingness to invest, expand and innovate. Supportive climate for new starts and exports.	• Priority on businesses with ambition/ability to achieve high growth, especially in key sectors • Further emphasis on innovation • Ensure attractiveness of businesses and the City Region for key staff given tight labour market • Exploit export opportunities in target markets • De-emphasise generic SME grant/loan support as lending and liquidity improve • Capitalise on good opportunities for FDI
Low Growth	Decline in business fortunes and reduced investment, including cuts in R&D and risk of downsizing, closures and job losses. Tough climate for new businesses but push factors for start-ups and self-employment.	• Rapid response to help businesses with a future to survive tough short term conditions • Renewed focus on SME access to capital • Support those switching from employment to starting a business or self-employment • Address potential reluctance to innovate • Support for SMEs to help them weather temporary disruptions in supply chains

PRIORITY 2: SKILLED PEOPLE, BETTER JOBS

GROWTH SCENARIO	POTENTIAL IMPACTS	POTENTIAL RESPONSES
High Growth	Tougher for businesses to find the recruits needed for growth, but increased opportunities and incomes for employees with high skills and in skill shortage areas.	• Ensure skills base predicts and keeps pace with growth areas and economic needs • Further emphasis on quality employment to attract and retain employees • Exploit the good potential to connect people into jobs and reduce poverty • Ensure skills and training offer targets all parts of the potential workforce, with a strengthening policy offer around life-time learning and upskilling
Low Growth	Reduced investment in training and risk of large scale job losses, redundancies and youth unemployment.	• Work with businesses to help them prevent redundancies and retain key staff • Assist those who lose jobs to build skills, gain a new job or start a business • Combat risk of low investment in skills and training • Guard against increasing polarity in the City Region – linked to skills and incomes • Coherent skills and employability package, including young and unemployed people who will face tougher competition for jobs

PRIORITY 3: CLEAN ENERGY AND ENVIRONMENTAL RESILIENCE

GROWTH SCENARIO	POTENTIAL IMPACTS	POTENTIAL RESPONSES
High Growth	Increases in energy and commodity prices and carbon emissions likely with high global and city regional growth. Good conditions for investment (including green infrastructure) and innovation.	• Further emphasis on energy efficiency, innovation, clean generation and resource efficiency to manage emissions and costs • Encourage enhanced investment in green infrastructure, environmental quality and resilience • Manage transport growth and related emissions (including through carbon sinks)
Low Growth	Stagnant or decreasing energy and commodity prices and carbon emissions more likely if low global as well as city regional growth. Difficult conditions for investment.	• Manage impacts of decreased investment with careful prioritisation or incentives to invest in energy and green infrastructure • Help businesses to survive by cutting energy, resource and waste costs through efficiency measures

PRIORITY 4: INFRASTRUCTURE FOR GROWTH

GROWTH SCENARIO	POTENTIAL IMPACTS	POTENTIAL RESPONSES
High Growth	Spike in physical development of both high and low quality, as well as housing growth. Higher incomes may also lead to price rises. Risk of traffic growth and worsening congestion and pollution, deterring business growth and investment.	• Greater transport investment, with focus on measures which manage demand and reduce congestion (public transport, cycling, smart solutions, etc.) • Planning and development policies to drive up quality and sustainability • Support construction skills and connect development to local job opportunities • Extra focus on strategic and spatial co-ordination of housing and employment given likely squeeze on available land • Ensure patterns and type of development to not heighten flood risks
Low Growth	Risk of decline in housing growth and physical development, accompanied by lower prices. Tendency towards lower quality and easy options.	• Seek to support key developments at risk of stalling • Strong and tighter prioritisation on infrastructure investment

WIDER ECONOMIC SCENARIOS AND RISKS

The next three to five years may see significant events which could impact upon the SEP's economic ambitions. Some of the key ones are noted below alongside wider economic forecasts:

- **'Brexit':** it will be important to consider the potential impact on the City Region economy of any decision to leave or stay in the EU (whilst offering no insight on the merits of any decision). The practical implication for the LEP/the Combined Authority would be on how to support businesses with whatever pressures and/or opportunities they face once the outcome is known, building on initial work that has been undertaken.
- **Living wage**: the general policy direction of the National Living Wage is entirely consistent with the SEP's ambitions for good growth. Its short to medium term impacts should be monitored to assess any implications for specific sectors, the extent of movement from economic inactivity into employment, impact on inequalities, and the extent to which productivity improvements cover additional labour costs.
- **Global growth prospects**: the World Bank and the OECD have reduced their estimates for global growth to 2020 by between 0.2% and 0.4% each year (to an annual average of 3% in the World Bank forecast). Forecasts for Eurozone growth up to 2020 typically suggest annual growth of around 1.6%, well below the pre-recession long run historical average.
- **Domestic consumption**: most international organisations are forecasting that UK growth up to 2020 will be lower than previously assumed. The Bank of England's median estimate of GDP growth suggests that UK GDP will average 2.3% annually up to 2020.
- **Employment:** the short term prospects for UK employment growth look positive but there are risks as the UK labour market has become more reliant on the services sector and on domestic demand and consumption. Any impact on UK consumer spending could have a disproportionate impact as a result.

THANK YOU

WORKING IN PARTNERSHIP WITH OUR LOCAL AUTHORITY, BUSINESS AND GOVERNMENT PARTNERS IS THE ONLY WAY WE CAN ACHIEVE OUR AMBITIOUS PLAN FOR GROWTH.

THANK YOU TO ALL OF THE BUSINESSES, NETWORKS, UNIVERSITIES AND COLLEGES, PUBLIC, PRIVATE AND THIRD SECTOR ORGANISATIONS THAT DRIVE GROWTH IN OUR CITY REGION.

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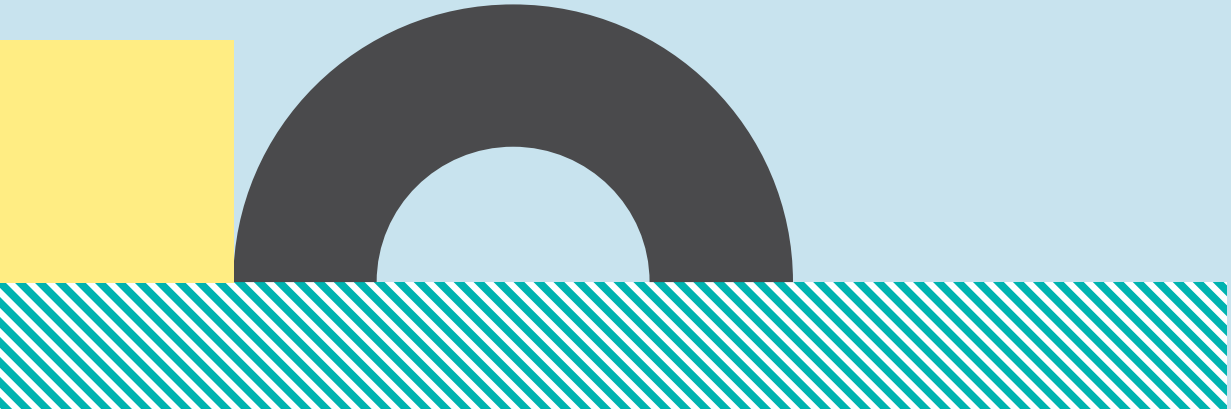
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