

Appendix A - Local Industrial Strategy draft Headline SWOT analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • A highly diverse economy that can help to withstand sector-specific shocks and challenges. • Substantial university strengths with one of the biggest HE clusters in Europe, with research strengths in key subjects. • Innovation hotspots around the key university centres such as Leeds and York. • The area is characterised by high levels of green space and areas of outstanding natural beauty. Alongside areas of relatively affordable housing, these add to the area's attraction as a place to live and work. • Although gaps to national performance persist, the labour market is strong by historic standards. 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Productivity is below national levels in all parts of our area, and the gap to national performance is not closing. • Despite improvements there remains a gap between local and national skill levels, particularly for higher level skills. • Relatively low levels of business investment in R&D and innovation activity. • Investment in the transport system has not kept pace with economic and population growth. Congestion and capacity constraints risk hampering future economic growth. • Some of the highest levels of deprivation in the country, with pockets across the area. • The lack of an OEM presents challenges around the coherence of supply chains and the productivity benefits such businesses can bring.
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Increasing exposure to key non-EU export markets such as US and China could deliver a productivity dividend. • Universities provide opportunities to increase business innovation performance through collaboration. • Manufacturing subsectors offer degrees of employment specialism, though professional services jobs have seen strongest growth. • A tighter labour market offers potential to upskill existing staff, increase earnings and build a more inclusive economy. • Wider regional strengths in energy generation offer potential in clean growth. 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Lack of investment, partly due to Brexit uncertainty, risks further weakening of productivity performance. • Insufficient access to appropriately skilled workers could constrain businesses' ability to grow and this could be compounded by lack of responsiveness in skills system. • Automation poses a threat to a significant number of jobs in a range of industries, particularly for lower skilled workers. • The diversity of the economy could reduce the area's distinctiveness.