

# Overview of Sectors Policy Development

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**Business, Economy & Innovation Committee | 19 October 2022**

# Context & Background

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## Why are we looking at sectors?

This policy thinkpiece builds on the work of the Leeds City Region Strategic Economic Plan (the SEP) and seeks to embed a framework for the Combined Authority's approach to sectors within the sphere of the emerging Economic Strategy.

The SEP (which was delivered between 2016 and 2020) outlined a number of key sectors in the Leeds City Region that would contribute to the wider Northern Powerhouse's prime capabilities. The key priority sectors in the SEP were identified as:

- Digital and creative industries
- Low carbon and environmental industries
- Health and life-sciences
- Innovative manufacturing
- Financial and professional services

- Food and drink manufacturing and businesses
- Higher and further education institutions

It is likely that some of these have not changed, but there may be enhanced role for some of the sectors (e.g., low carbon and environmental industries and creative industries).

## What would be the purpose of an approach to sectors?

Having an approach to sectors in the region would help outline to government and the private sector where our strengths and unrivalled capabilities lie.

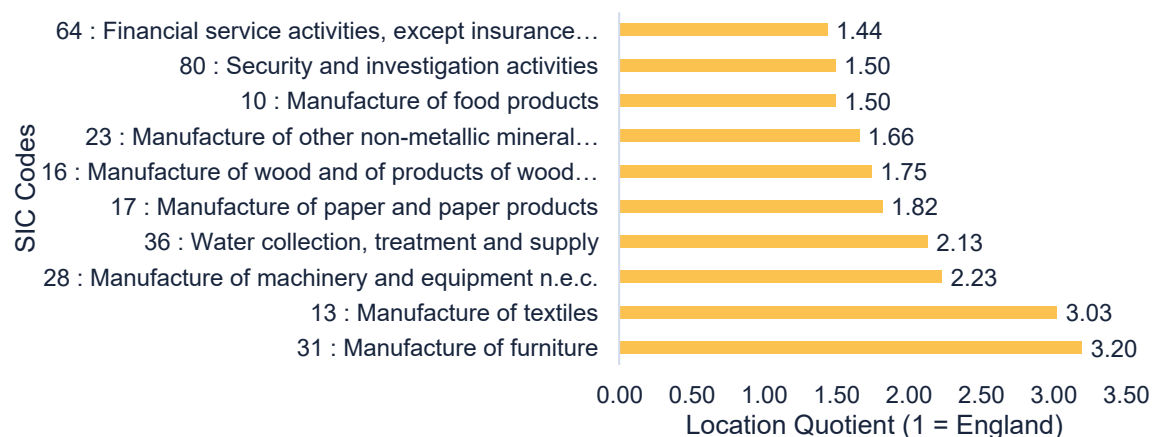
Other CA and LEP areas have outlined approaches to sectors, West Yorkshire is not one of them.

# Different LEP areas have different approaches ...

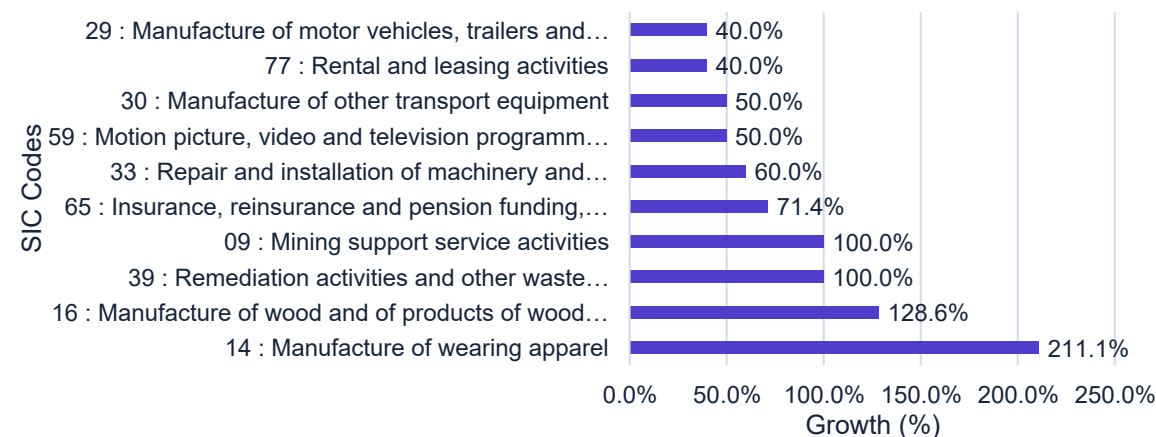
North East LEP	Greater Manchester CA	Lancashire LEP	Liverpool C' Region CA	South Yorkshire CA	Cumbria LEP
Advanced Manufacturing	Clean Growth	Manufacturing	Advanced Manufacturing	Advanced Materials / Manufacturing	Advanced Manufacturing
Digital	Health Innovation	Energy & Low Carbon	Built Environment	Business, Financial & Professional Services	Construction
Energy	Advanced Materials / Manufacturing	Tourism, Culture & Place	Clean Growth	Creative & Digital	Creative & Cultural
Health & Life Sciences	Digital, Creative & Media	Food & Agriculture	Digital & Creative	Healthcare Technologies	Health & Social Care
<b>Commentary</b> <ul style="list-style-type: none"> <li>There is a tale of two different approaches to sectors. Some regions are prioritising sectors generically (i.e., the entirety of a sector such as manufacturing).</li> <li>Other regions are taking a more nuanced approach and specifically referencing sub-sectors where there is high likelihood of rapid growth and competitive advantage.</li> </ul>			Health & Life Sciences	Logistics	Logistics
			Innovation	Low Carbon	Professional Services
			Professional & Business Services	Property & Construction	Rural
			Visitor Economy	Retail	Visitor Economy
				Sports, Leisure & Tourism	Clean Energy

# From looking at employment data in WY, we can see that ...

**Highest Location Quotients in WY (SIC Codes)  
2017-20**



**Fastest Growing Sub-Sectors in WY (SIC Codes)  
2017-20**



- In terms of employment, manufacturing leads the way in location quotients. For example, for every 1 person employed in manufacturing of furniture in England, West Yorkshire employs 3.2 people.
- Financial and security services are also among the top ten location quotients at 1.44 and 1.5 respectively, meaning that we have .5 more people than elsewhere in England in these sub-sectors.
- In comparison, we can also identify which sub-sectors appear to be growing at a faster rate than others (2017-2020). Manufacturing again appears to dominate growth but there is also increased growth in motion picture, insurance, and leasing services.

# Developing our priority sectors...

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## An approach to sectors should aim to be:

**Strategic and specific:** a sectoral approach should not try to please everyone and create a long-list of sectors in the region. The risk of doing so means that we do not have offers that stand out or showcase any competitive advantage.

**Future-proofed:** over the next decade some sectors will accelerate in growth whereas others will naturally start to witness decline. This will be driven by many factors including automation, digitalisation and shifting consumer trends/behaviours. A sectors approach needs to be long-term to have any success.

**To develop our sectors approach,** and based on the evidence and research undertaken and gathered, we need to consider a number of criteria:

- Whether our sectors approach is focused on those that have the potential for driving high-growth in the future.
- Whether we incorporate how we manage sectors that will decline over the next decade, and importantly support them to perhaps transition and leap into new sectors.
- How to we sort or group sectors based on practice from other nations and regions.

# Potential Approaches

We have explored the following approaches to sectors:

## The Saxony Model (Diagram A):

- This model is a more complex method that triangulates sectors based on future market opportunities, emerging specialisms and traditional sectors.

## Foundations & Frontiers Model (Diagram B):

- This model essentially splits sectors into frontier sectors (highly innovative, high growth businesses) and foundation sectors (those that support political, social, economic and social infrastructure rolling on a daily basis).

## No Model (Keep It Basic):

- Of course, there was also the option to have no approach to sectors and just list out key sectors.

Diagram A

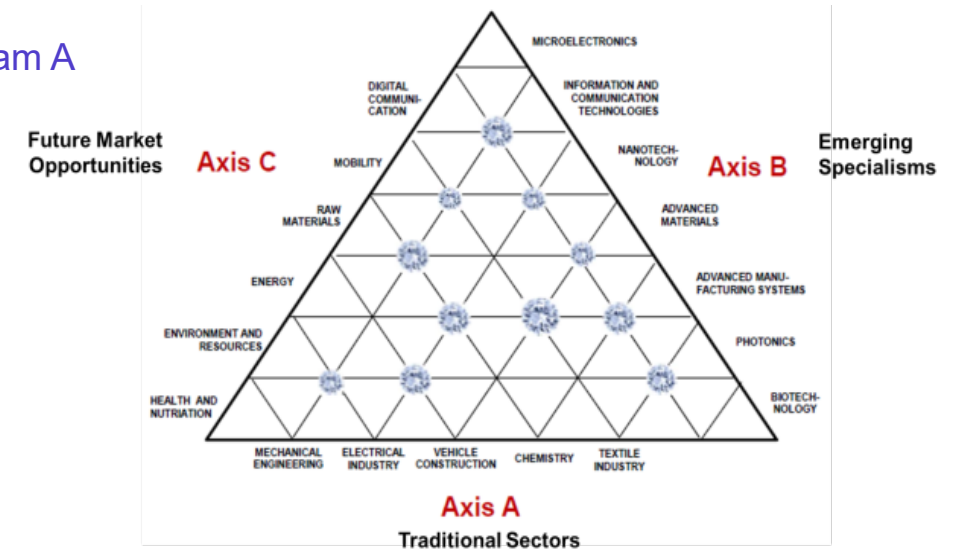
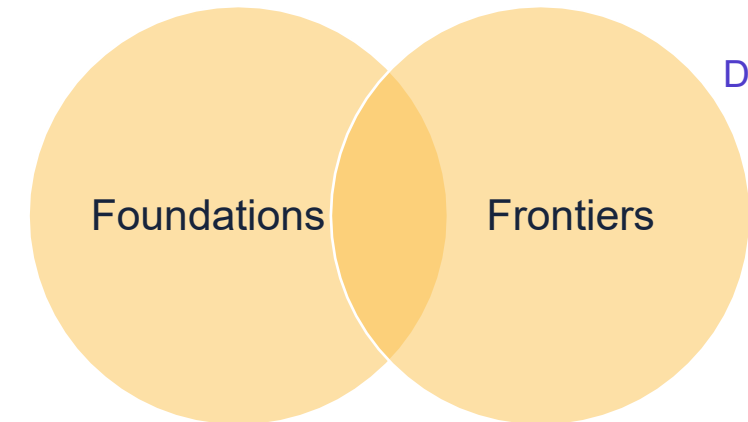
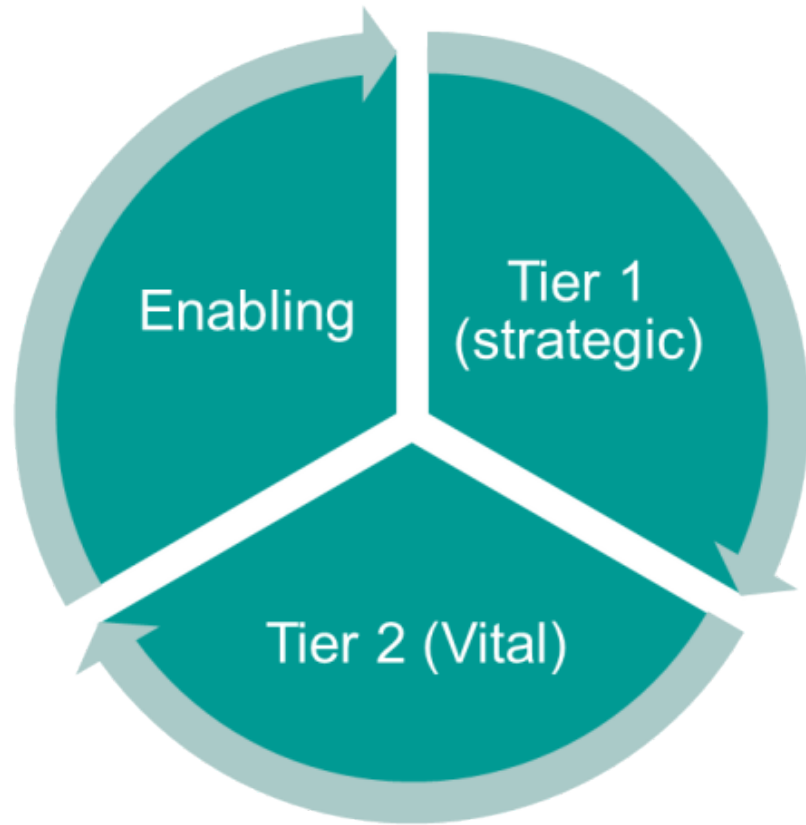


Diagram B



# Proposed Tiered Sector Model



The tiered model was conceived in 2009 by a Ministerial Advisory Group to the Economy & Transport Ministry of the Welsh Government.

It proposed adopting **a tiered approach to prioritising sectors** that would give: (a) more critical mass and (b) better co-ordination and strategic management of activities and initiatives.

The advisory group proposed three tiers:

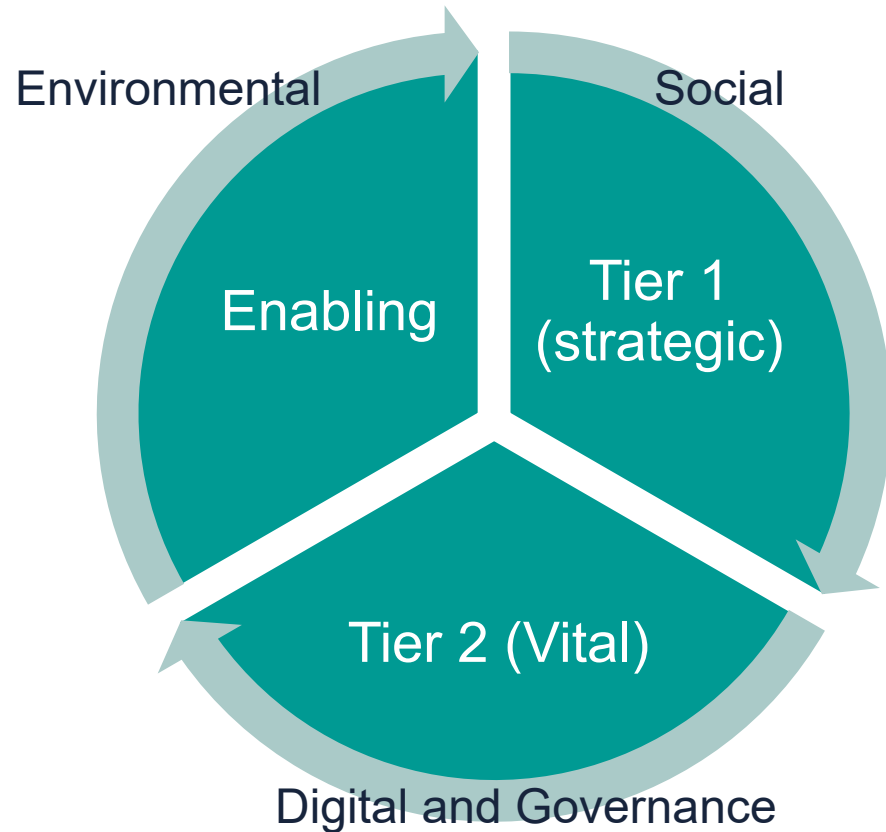
**Enabling Sectors:** those that are *significantly important* to a particular economy.

**Tier 1 Sectors:** those that are *strategically important* to a particular economy.

**Tier 2 Sectors:** those that are *less strategic* in terms of competitive advantage but are vital across the national economy.

We are proposing to adopt this model for our work on sectors, and welcome suggestions from committee members on this.

# Draft sector mapping



Enabling (significantly important): Creative Industries, Health and Lifesciences, space and satellite communications, green infrastructure, financial technologies

Tier 1 (strategically important): Financial services and banking, Manufacturing, education, healthcare, professional and legal services.

Tier 2 (less strategic but vital) : social care, food and drink, retail, hospitality, sports and leisure.