



LEEDS CITY REGION AUTUMN BUDGET SUBMISSION

September 2017

CONTENT

Executive summary (pages 3-6)

1. About us (pages 7-14)

- Opportunities and the challenges we face

2. Our proposals (pages 15-30)

- Devolution & public sector reform
- Supporting businesses
- Skills and labour market
- Transport
- Upgrading infrastructure
- Energy

3. Delivering positive outcomes (pages 31-35)

- Impact
- Funding model
- Meeting national objectives



EXECUTIVE SUMMARY

OUR PRIORITY

Leeds City Region has a track record where local public investment unlocks strong value – each £1 invested in our growth deal levers in an additional £4 from the private sector, and achieves a cumulative economic impact of £10+ (Leeds City Region Strategic Economic Plan 2016-2036, 2016).

Our strategic plan is to capitalise on the relatively strong prevailing economic conditions (albeit with some major headwinds) to tackle deep-seated structural issues. We will focus on bold steps **to improve the productivity of the economy and economic inclusion** so benefits are felt by all, and firms become more competitive for a new international trading environment.

The transfer of powers and resources is vital to support more local decision-making attuned to local economic and social conditions. This is also vital to revitalising our politics, bridging the disconnect between some communities (particularly in the post-industrial North) and power.

Through this submission, we build on our response to the Industrial Strategy consultation – **where we urged government to redouble its efforts to deliver on the spirit of a significant single pot**, as championed in the Heseltine Review. Our approach is to address long term structural economic issues, helping to spread prosperity and opportunity across the country. Although the reasons for the UK and Leeds City Region's poor productivity are complex, a bolder, locally-led approach across private and public sectors gives vital long-term leadership and accountability.

In addition to short-term proposals (covered elsewhere), this puts forward to government a bold set of ideas, developed in partnership with local authorities, universities, business groups and others. This includes **a bold, innovative approach to the Shared Prosperity Fund that offers government the chance to demonstrate people have 'taken back control' and are closer to decision-making that will make a difference to their lives ... and if it doesn't, they will have the power to bring change through the ballot box**. We are keen to further develop the opportunities in a co-production model with government.



WHAT GOVERNMENT IS DOING AND LOCAL RESONANCE TO LEEDS CITY REGION

PRODUCTIVITY	POWERS AND RESOURCES AT THE RIGHT LEVEL	LIVING STANDARDS
<p>Developing Sector Deals (7 in advanced stages, 50+ others)</p> <p>They have strong merit for tight industries, but are too narrow for supply chain diverse economies such as Leeds City Region. Place dimension can get lost.</p>	<p>Discussing devolution options</p> <p>Has to be resolved for Leeds City Region – agenda slightly lost steam across the piece.</p>	<p>Increasing New Living Wage to £8.75 by 2020</p> <p>Clearer forward guidance (as per BoE on interest rates) might help businesses to take long-term investment decisions.</p>
<p>Industrial Strategy Challenge Fund</p> <p>Welcomed investment in cutting-edge research, commercialisation and universities. Leeds City Region will take full advantage of this.</p>	<p>UK Shared Prosperity Fund</p> <p>Welcome purpose to rebalance growth, but significant element needs to form the single investment pot for local determination. Option for a Regional Public Accounts Committee to provide strong checks and balances and Parliamentary oversight.</p>	<p>Implementing remainder of £8.8bn of welfare cuts</p> <p>The IFS shows this falls disproportionately on low income households. Therefore, need to ensure work pays for all. Interplay of wages, benefits and costs is different nationwide, so need strong devolved nexus to unpick problems locally.</p>
<p>Deliver existing Growth Deals</p> <p>Conditions and targets relate to new jobs / houses, and not productivity gains. This needs addressing.</p>	<p>Funding from the National Productivity Investment Fund (including HIF, Transport, etc.)</p> <p>Investment welcome, but better to channel as part of devolved single pot (with VfM / accountability as above).</p>	<p>Monetary and tax policy</p> <p>Manifestos and previous Budgets clear that business rates, council tax, NICs ripe for review. Can use reviews from position of (relative) economic strength to better calibrate resource to function.</p>

SUMMARY OF OUR PROPOSALS

POLICY OUTCOME	SHORT-TERM PROPOSALS Subject to specific, evidence-based proposals	MEDIUM-TERM AMBITIONS Outline proposals for co-production with government and stakeholders
Empowering leadership at the right level, with strong local accountability.	<ul style="list-style-type: none"> Agree a devolution settlement – Single Pot. Signal support for Leeds 2023 European Capital of Culture. 	<ul style="list-style-type: none"> UK Shared Prosperity Fund forms part of wider Single Pot and is implemented in collaboration with Government and Partners.
Productive, internationally successful and inclusive businesses.	<ul style="list-style-type: none"> Commit to Leeds City Region Growth Hubs Plus Core Offer - £2 million. £50 million for five years to secure the Leeds City Region's world-leading med-tech position with new scale-up support, linked to the Leeds Innovation District. Support the establishment of an Institute for High Speed Railways & System Integration as a core component of the City Region's High Speed Rail Growth Zone. Support Innovation North £1 million-£3 million proposal being developed by Northern LEPs. 	<ul style="list-style-type: none"> Private-sector led cooperation through supply chains to raise productivity in less-productive firms.
Investing in people's education, skills and health to compete globally.	<ul style="list-style-type: none"> Commit £2.5 million to successful local apprenticeship hubs and £1.3 million over three years to enterprise in education offer, targeted on the most deprived communities and individuals. 	<ul style="list-style-type: none"> Childcare offer to unlock a more inclusive labour market.
Build great communities with quality, affordable housing and a supply of employment land.	<ul style="list-style-type: none"> £100 million Leeds City Region Housing Deal. Digital - 5G testbeds in Bradford & Leeds + Local Full Fibre Network Programme. £44 million to enable full fibre/gigabit capable connectivity to all public sector sites across West Yorkshire. Enterprise Zones – flexibility to vary incentives (enhanced capital allowances or business rate discounts). 	
A well-connected city region, with clean, affordable and reliable transport.	<ul style="list-style-type: none"> Support the Leeds City Region HS2 Growth Strategy (detail to follow in formal submission of the Growth Strategy). Trans Pennine Route upgrade – renewed commitment to the outcomes promised with Northern Authorities including WYCA involved in the decision making and funding decisions. 	<ul style="list-style-type: none"> Northern Powerhouse Rail, including stops in Bradford and York.
Environment, energy and connectivity.	<ul style="list-style-type: none"> Invest up to £40 million Local Energy Fund. Flood resilience programme. 	



ABOUT US:

THE CHALLENGES AND OPPORTUNITIES WE FACE



LEEDS CITY REGION
ENTERPRISE
PARTNERSHIP



WEST YORKSHIRE
COMBINED AUTHORITY

ABOUT US

Leeds City Region makes up 20% of the 'Northern Powerhouse' economy. The successful transformation of the northern economy is not truly possible without a Leeds City Region that fulfils its potential.

Under current plans, the Leeds City Region's ambition is to:

- **deliver an extra 36,000 jobs by 2036** (115,000 jobs are forecast without our activity, 151,000 with); and
- **increase economic output by £3.7 billion by 2036** (£95 billion without our activity and £98.6 billion with).

But equally, we are already playing – and will continue to play – our full part in driving this policy agenda.

The current powers and resources available to us are insufficient to deliver this ambition.



A NEAR
£100 BILLION
CITY REGION ECONOMY BY 2036



£3.7 BILLION
ADDITIONAL ANNUAL
ECONOMIC OUTPUT BY 2036



35,700
ADDITIONAL NET JOBS
CREATED BY 2036

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

Our vision for Leeds City Region

LEEDS CITY REGION

A TRULY DIVERSE ECONOMY AT THE HEART OF THE NORTHERN POWERHOUSE WITH RECOGNISED WORLD LEADING CAPABILITIES

The Leeds City region generates 5% of England's output with a GVA of £65 billion and home to almost 122,000 businesses, world-class educational and research institutions, a workforce of 1.9 million and the 'youngest' city in the UK.

The size of our economy, its wide variety of economic and cultural assets and its many strengths remain a great platform on which we can build future prosperity.

A successful Northern Powerhouse is impossible without Leeds City Region:

- the Leeds City Region represents 20% of the North's economy;
- the recent Independent Economic Review by Transport for the North (TfN) shows that the four 'prime capabilities' of the Northern Powerhouse (digital, energy, health innovation, advanced manufacturing) align very closely to our key sectors;
- we are also strong in the three enabling capabilities identified in the report (logistics, education, financial & professional services).



LARGEST ECONOMY OUTSIDE
LONDON AND SOUTH EAST



3 MILLION
RESIDENTS



£64.6 BILLION
ECONOMY



LARGEST UK FINANCIAL AND
PROFESSIONAL SERVICES
SECTOR OUTSIDE LONDON



121,600
BUSINESSES



LARGEST UK
MANUFACTURING CENTRE

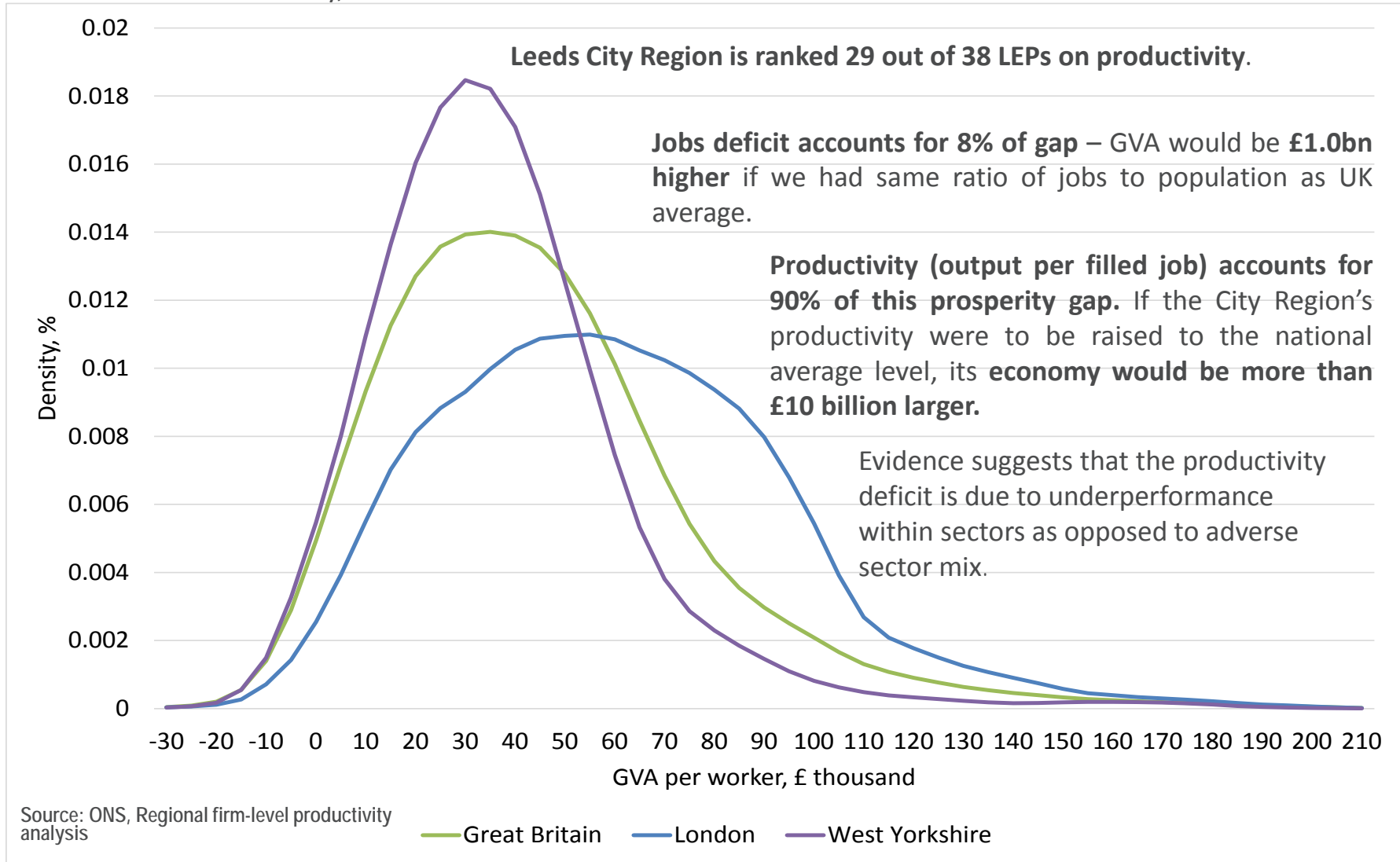
OUR 4 KEY CHALLENGES

- The productivity gap is increasing
- Innovation and R&D is very low
- Living standards have stalled
- Stubborn deprivation persists

Existing powers and resources (Growth Deal/ ESIF) are insufficient to tackle these challenges

ISSUE 1: PRODUCTIVITY GAP IS INCREASING

UNDER-PERFORMANCE “BULGE: Distribution of firm level productivity (GVA per worker) in the non-financial business economy, 2014



ISSUE 2: INNOVATION & R&D IS VERY LOW

Successful regions around the world are characterised by high rates of innovation across small and large firms, universities and governments. The Leeds City Region is home to many R&D and innovation assets and distinctive clusters of businesses and research expertise.

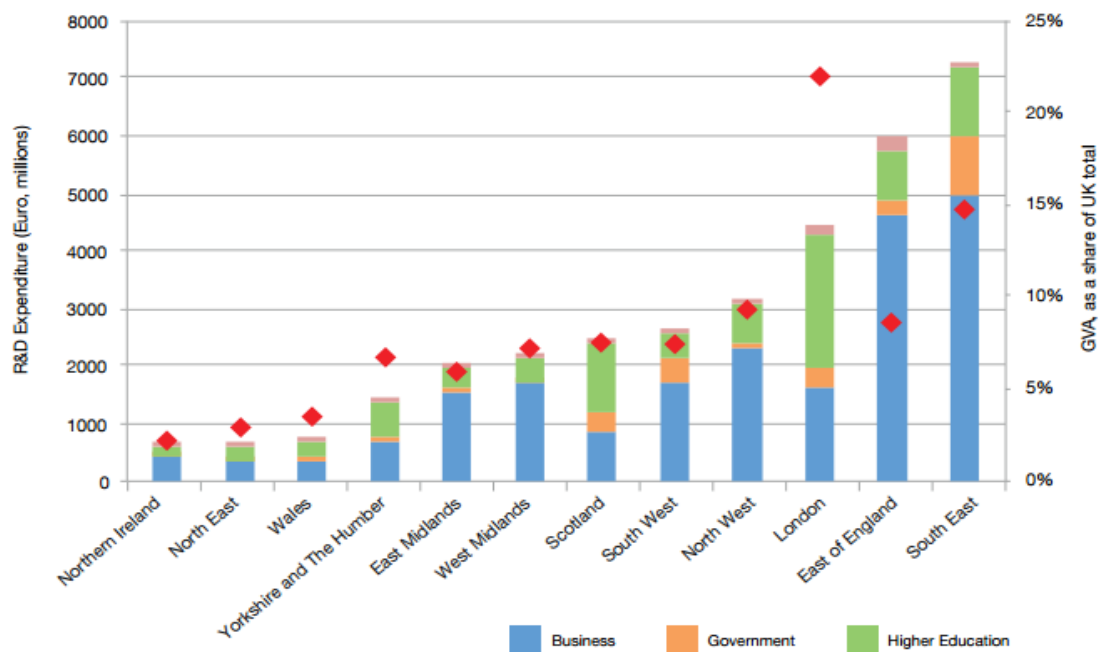
HOWEVER - rates of R&D and innovation in the city region are improving, but not fast enough to close the gap with national averages. Our companies seem to export less, introduce fewer new products or processes to market, whilst the Leeds City Region has a below average rate of business start-ups.

LEEDS CITY REGION R&D SPENDING IS VERY LOW:

- Over half of all UK R&D spending is from businesses. Government funds 20% and universities a further 9%.
- Relative to the size of the Y&H economy, total R&D spend in the region is lowest in the UK (excl. London).
- Business R&D is very low (proportionately 6x lower than East and 4x lower than South East).
- Most UK business investment (51%) comes from foreign-owned firms.

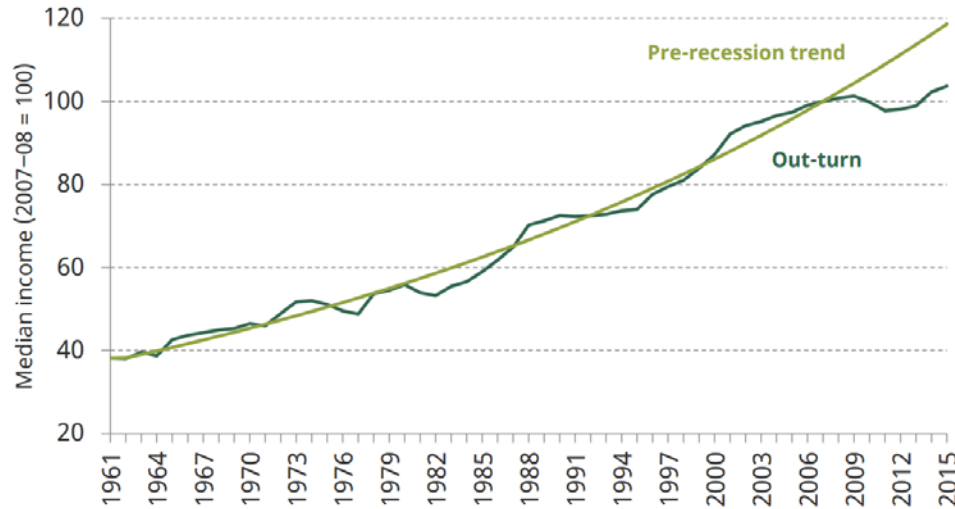
Annual research and development expenditure

GERD, average 2010-2014



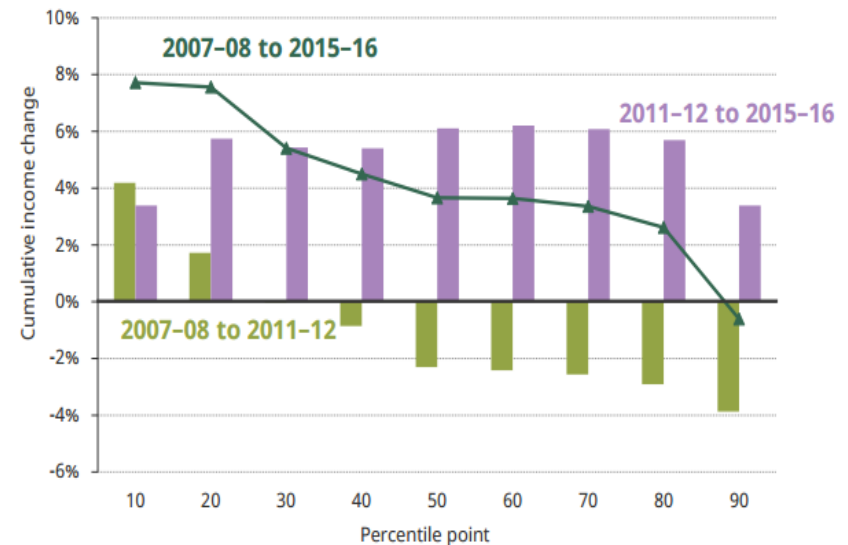
Source: Eurostat database, 2016. Annual R&D expenditure is total intramural R&D expenditure (GERD) by sectors of performance and NUTS 2 regions.

ISSUE 3: LIVING STANDARDS HAVE STALLED

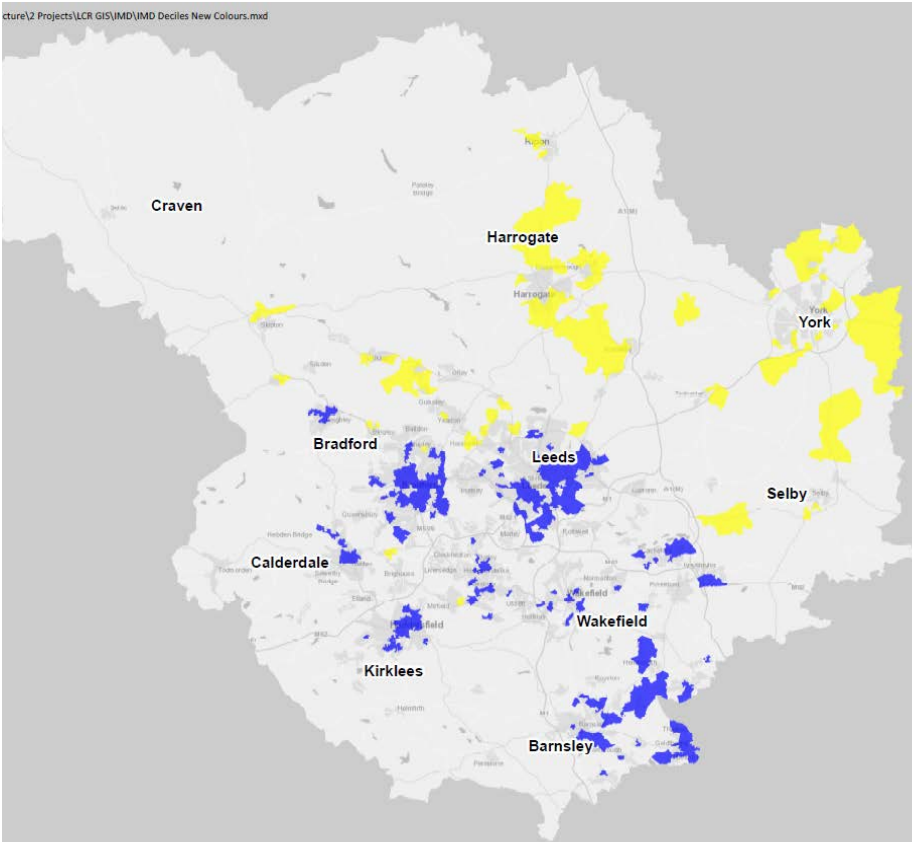


← The great recession put a halt to about half a century of increasing median household income, according to the IFS.

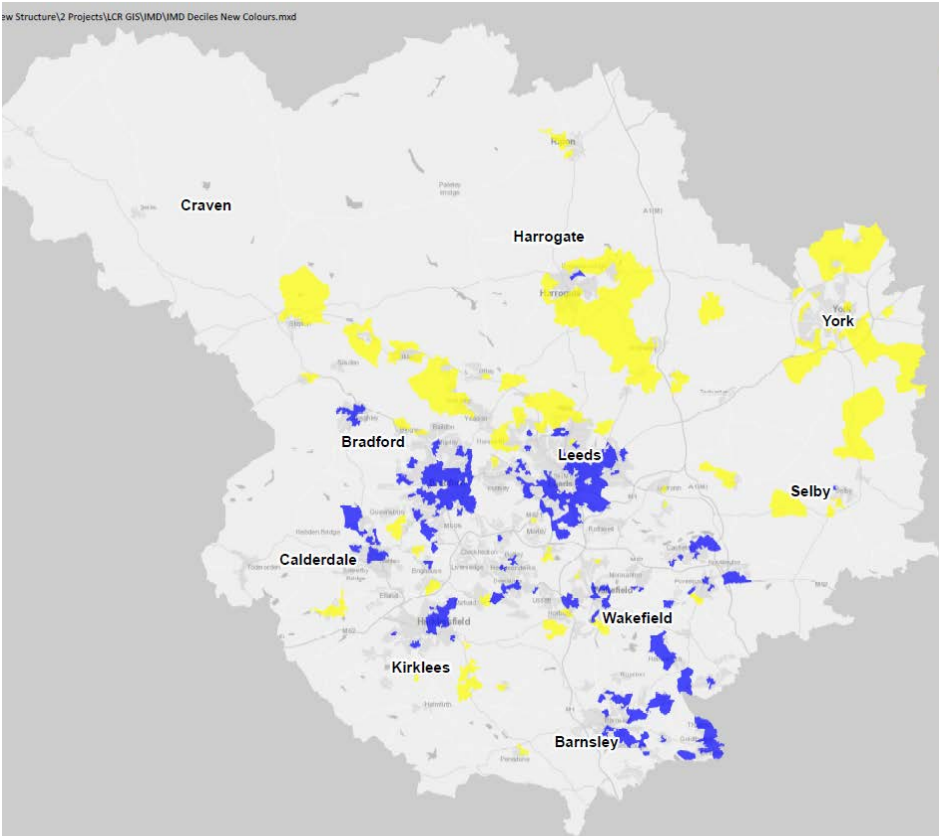
- Weak real income growth has actually meant that UK inequality has **fallen** between 2007/08 and 2015/16, with the richest 10% seeing the largest fall.
- However, projections are for inequality to increase if earnings grow as forecast and benefit cuts go ahead as planned.
- The IFS find 95% of inequality in Yorkshire is explained by differences within the region, rather than with other regions (i.e. London & South East).



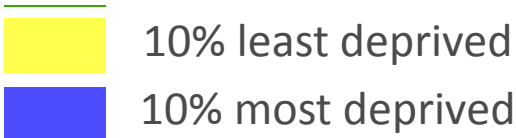
ISSUE 4: STUBBORN DEPRIVATION PERSISTS (and this affects our economic performance as well as entailing costs for communities and individuals)



2004



2015





OUR PROPOSALS



LEEDS CITY REGION
ENTERPRISE
PARTNERSHIP



WEST YORKSHIRE
COMBINED AUTHORITY

Our **immediate** proposals for action

- Commit £2 million to Leeds City Region Growth Hubs Plus Core Offer.
- £50 million for five years to secure the Leeds City Region's world-leading med-tech position with new scale-up support, linked to the Leeds Innovation District.
- Support Innovation North £1 million - £3 million proposal being developed by Northern LEPs.
- Commit £2.5 million to successful local apprenticeship hubs and £1.3 million over three years to enterprise in education offer, targeted on the most deprived communities and individuals.
- £100 million to support Leeds City Region Housing Deal.
- Invest up to £40 million Local Energy Fund.

Bold long term proposals for co-design with intent of driving LCR structural economic change

1. **Private sector-led collaboration** and mutual improvement to raise the productivity of firms below the industry average. For example - Industrie 4.0 in Germany brings private and public together to digitise supply chains in advanced manufacturing to improve transparency and increase productivity. Brexit provides the trigger.
2. An ambitious **retraining programme**, where people are no worse off by developing new skills the economy needs. This improves the reallocation of labour in the economy, and depends on further strengthening the link between employers and skills supply (devolution).
3. A **childcare offer** to improve access to labour markets by removing barriers, and ensures all children – particularly the most disadvantaged - are school ready, improving attainment.
4. Influence **corporate and personal tax systems** to eradicate some of the perverse incentives.
5. Pilot a **care ‘sector’ deal** (based on the Leeds City Region med-tech Science and Innovation Audit) to re-engineer care roles, improving quality and increasing value.

Further City Region proposals are set out in the remainder of this document. **Specific local schemes will be submitted from our local authority partners.**

OUR APPROACH

Core principles:

- Eager to foster, in partnership, **an inclusive, place-based strategy** where all LCR communities contribute to, and benefit from, growth.
- Boosting earnings, **testing local solutions** with HMG to help tackle the productivity challenge.
- Accelerating infrastructure delivery and embedding resilience

2.1 DEVOLUTION & PUBLIC SECTOR REFORM

HM GOVERNMENT DEPARTMENT: CROSS DEPARTMENTAL

PRINCIPAL INDUSTRIAL STRATEGY PILLAR: DRIVING GROWTH ACROSS THE ECONOMY

Opportunities and challenges

West Yorkshire Combined Authority is seeking to make sure that everyone in Leeds City Region - and not just the few - is able to: contribute to, and share in, **inclusive growth**, and access **efficient public services** and enjoy an **outstanding quality of life**.

This level of ambition can only be achieved through sufficiently empowered and democratically accountable local decision making which is guided by a Strategic Economic, Public Service Reform Plans and encapsulated via an Inclusive Industrial Strategy based on local knowledge and robust intelligence that drive evidence based policy making, particularly in relation to the local cohorts who are not sharing in the benefits of growth.

Currently, however, the City Region does not have the powers and funding that will be needed. This is because only one in 20 of the decisions made about Leeds City Region are made locally; the rest are made remotely in Whitehall and the EU. Devolution on a geography acceptable locally and nationally is essential to the achievement of our ambition.

OUR PROPOSALS (DEVOLUTION & PUBLIC SECTOR REFORM)

- **TRANSFORMATIONAL LEVELS OF CAPITAL INVESTMENT** in infrastructure from devolved fiscal powers: Council Tax and/ or Business Rates powers, along with supporting additional borrowing powers.
- **GAINSHARE DEAL** – to drive priority **Inclusive Growth led programmes and projects** – many of which (including skills and business support) are facing a financial ‘cliff edge’. Also a Housing Fund, and devolved ESIF/Shared Prosperity Fund.
- **CONTROL OVER THE TRANSPORT SYSTEM**, including: investment in Key Roads Network, and train stations.
- **PUBLIC SECTOR REFORM** – including Health and Social Care, Children's services, and integrated support measures to help the most disadvantaged, including troubled families.
- Mayoral **SINGLE POT** – powers enabling the City Region to put devolved and local funding streams into an un-ringfenced pot to deliver maximum flexibility and impact. This would include extending a new financial settlement combining the best elements of Growth Deals and ESIF to allow productive investments of capital and revenue to support local inclusive industrial strategies, such as support for a new child care offer and care sector deal.
- **ACCELERATING INCLUSIVE GROWTH**, in particular: good jobs, skills and attainment, utilising anchor institutions, community enterprise and entrepreneurship, and productivity but also housing, transport and business support.

IMPACT AND ADDED VALUE:

- Local empowerment/accountability
- Democratic renewal
- Accelerated delivery of SEP ambitions
- Inclusive Growth

2.2 SUPPORTING BUSINESSES

HM GOVERNMENT DEPARTMENT: DEPT. FOR BUSINESS, ENERGY & INDUSTRIAL STRATEGY

INDUSTRIAL STRATEGY PILLARS: INNOVATION, SUPPORTING BUSINESSES, WORLD LEADING SECTORS, CLEAN ENERGY

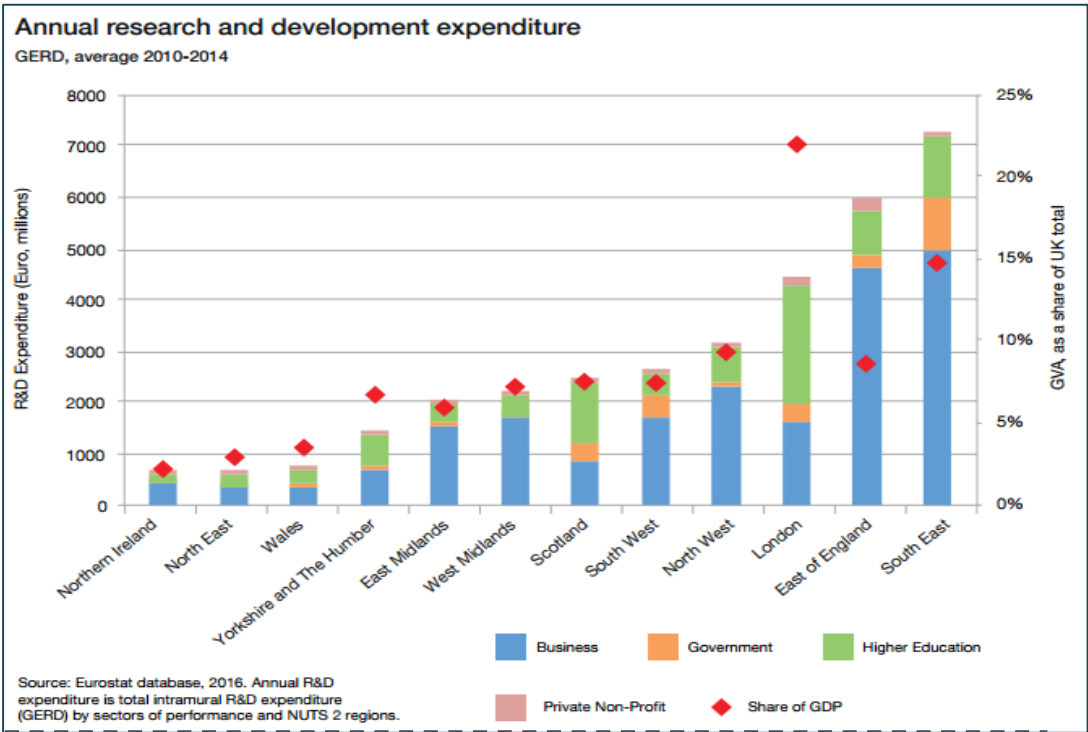
Opportunities and challenges

Innovation and R&D: Businesses do not invest enough in R&D, shortage of talent in STEM, Low levels of patents, need to strengthen its culture of innovation - low appetite to risk remains an issue, particularly in the start-up market where Seedcorn availability and deal-flow is low. The City Region is home to many R&D and innovation assets and distinctive clusters of businesses and research expertise. **HOWEVER** - rates of R&D and innovation in the city region are improving, but not fast enough to close the gap with national averages.

Enterprise: City Region has too few businesses; City region is not creating enough business start ups; not enough start-ups are moving to the next level, not enough existing businesses step up.

Trade & investment: Raise the level of exporting undertaken by our firms LCR has an external trade deficit of £5 billion; address the trade challenges and opportunities of Brexit.

Sectors: Most of our sectors under-perform on productivity. Absence of an OEM in the City Region means we lack a focal point for supply chain development or for business leadership.



The Leeds City Region offers the opportunity for.....

Government to implement the Leeds City Region **‘GROWTH HUBS PLUS CORE OFFER’** (£2 million over 3 years), developed jointly by BEIS and northern LEPs, to provide a sustainably-funded, business support service and an additional offer for more experienced support for scale-ups.

Government to invest £50m for five years in capitalising on the **CITY REGION’S SCIENCE & INNOVATION AUDIT ON MEDICAL TECHNOLOGIES**, including delivering the **LEEDS INNOVATION DISTRICT**, with a new research testing and scale-up facility, and to use power of public procurement to begin to reform the market.

Government to co-invest in the establishment of a c.£20 million **INSTITUTE FOR HIGH SPEED RAILWAYS & SYSTEM INTEGRATION** at the University of Leeds – a 40,000m² world class high speed rail infrastructure test & R&D facility that forms an integral component of the City Region’s **High Speed Rail Growth Zone** that will position the University & City Region as a global centre and lead for high speed rail R&D & innovation. The Institute will play a key role in maximising the benefits and impact of HS2 and Northern Powerhouse Rail, forging strong links with the region’s wealth of strategically important rail-related research and education assets including, the Institute for Rail Research at Huddersfield University, Network Rail Campus in York, and the High Speed Rail College in Doncaster.

Government to support the **INNOVATE NORTH** £3 million proposal being developed by Northern LEPS to drive forward business innovation and develop Oxford/Cambridge type clusters at a pan Northern level.

To deliver **LOCAL KEY ACCOUNT MANAGEMENT** activity with firms already sited locally (~£200k p.a.). This will cover investor development (where foreign-owned) and on understanding requirements of / from supply chains to attract global investment to the LCR.

Maximise where possible Government funding to draw down additional funds via the ESIF.



WE SPOTTED A GAP IN THE MARKET AND WERE LOOKING TO DIVERSIFY OUR PRODUCT RANGE. HOWEVER, IN ORDER TO FILL THIS GAP WE NEEDED SOME SPECIALIST MACHINERY.

WE SUCCESSFULLY APPLIED FOR SUPPORT FROM THE LEP TO HELP RENOVATE A FORMER ENGINEER STORE NEARBY. THANKS TO THE GROWTH WE’VE SEEN WE’RE ALREADY ACCELERATING OUR PLANS TO BUILD A DEDICATED WINDOW AND DOOR SHOWROOM.

WE’RE DELIGHTED TO SECURE THE LEP GRANT. IT HAS ENABLED US TO OFFER A SPECIALIST SERVICE TO MEET OUR CUSTOMERS’ EXPECTATIONS.

REBECCA BULLOCK
DIRECTOR
TIMBERWORKS
SKIPTON

2.3 SKILLS

HM GOVERNMENT DEPARTMENT: DEPT. FOR EDUCATION

INDUSTRIAL STRATEGY PILLARS: DEVELOPING SKILLS

Opportunities and challenges

Evidence shows that a more productive economy requires a skilled and flexible workforce to thrive and grow. Improving skills in the workforce is therefore vital to accelerating productivity, competitiveness and economic prosperity across the City Region. There is the opportunity to **go beyond a NEET-free city region to be ready for jobs in the new economy by closing the STEM skill deficit and gender skills gap in engineering and digital sectors, targeting the most disadvantaged cohorts in particular.**

Key **STRENGTHS AND ASSETS**, include:

- 1.4m LCR residents in work (the biggest in the North), with over 1m (74%) in full time work and 600,000 job opportunities ahead (including replacement demand) over a ten year period up to 2022.
- Improving skills across levels with GCSE pass rates moving from below to above average in some areas.
- Success in reducing NEETs and good career opportunities through routes such as apprenticeships.
- Large student population and strong on graduate retention and employment.
- High performing colleges, well placed to connect students to business opportunities and careers.

CHALLENGES, include:

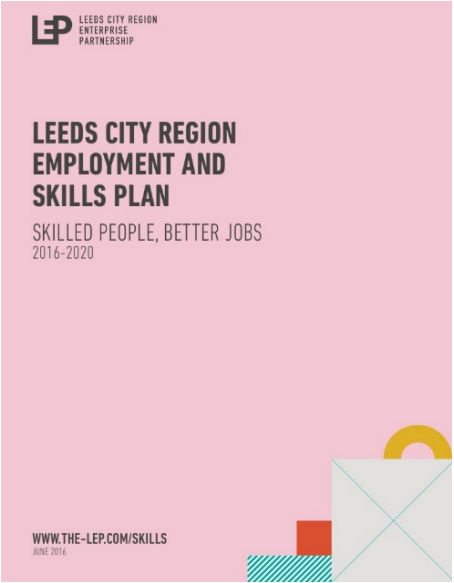
- Wages in WY continue to lag behind national average (7.3% lower), whilst there are 215,000 jobs in West Yorkshire that pay below the living wage.
- Poor skills profile is proving stubborn - need more high skilled people and ensure that all people are qualified for employment.
- Many employers cannot recruit the skilled people they need - 25% of vacancies are hard to fill due to a lack of candidates with the right skills.
- Leeds City Region underperforms on workforce development.
- Limited control over apprenticeships affects our ability to deliver a targeted and joined up offer. Increasing skills levels in areas that benefit the local economy is vital.

OUR PROPOSALS (SKILLS)

- £1.3 million funding over three years to continue the **ENTERPRISE IN EDUCATION PROGRAMME** that will further strengthen the links between business and education.
- £2.5 million of funding to continue the city region’s successful **APPRENTICESHIP HUB PROGRAMME**.
- **CONTINUED FE & SKILLS CAPITAL DEVOLUTION** and continued **SKILLS SERVICE**.
- Extend across all major schemes in the city region the Combined Authority’s Policy Statement that **drives social value in the procurement of major capital schemes**. This puts inclusive growth outcomes on employment, training and SME opportunity at the heart of better procurement.

FURTHER PROPOSALS TO GOVERNMENT INCLUDE:

- Giving the city region greater control over Education and Skills Funding Agency budgets for apprenticeship promotion activity.
- City region is given the ability and funding to direct careers advice and enterprise in schools (through Careers Enterprise Company and National Careers Service) according to needs.
- Give city region control/proportion of unspent levy payments so that it can allocated in line with local priorities, particularly to tackle priority cohorts.
- A **childcare offer** to improve access to labour markets by removing barriers, and ensures all children – particularly the most disadvantaged - are school ready, improving attainment
- Where possible Government Funding to be maximised to draw down additional funds via the ESIF.



IMPACT AND ADDED VALUE:

- Increase in number of learners / learners gaining qualifications.
- Increase in private sector investment in education and training.
- Increase in gross GVA, productivity and earnings.
- Increase in labour market participation/reduced unemployment risk.
- Effective targeting of resources to maximise local impact.
- Ensuring provision is aligned to labour market needs.

2.4 TRANSPORT (HS2 & NPR)

HM GOVERNMENT DEPARTMENT: DEPT. FOR TRANSPORT

INDUSTRIAL STRATEGY PILLARS: UPGRADING INFRASTRUCTURE

Opportunities and challenges

THE OPPORTUNITY

- HS2 single largest planned investment in national infrastructure in the UK. Will deliver a major transformation in UK rail capacity and inter urban connectivity.
- HS2 is the catalyst for accelerating and elevating the Leeds City Region’s position as an internally recognised place of vitality, connecting the North and creating an inclusive, dynamic economy, accessible to all.
- Significant potential to maximise local and regional impacts of HS2. Detailed planning currently underway including: Enhanced City Region connectivity, Maximising local supply chain opportunities and increasing skills, Developing supporting infrastructure, Enhanced stations in Leeds and York, Fit with NPR.
- In the context of our SEP, Inclusive Growth and Industrial Strategy, we have the opportunity to maximise the benefits of HS2.

IMPROVING CONNECTIVITY

Significantly improved LCR connectivity will ensure the benefits from HS2 are spread as far as possible across the region, benefitting local residents and enabling existing businesses to expand and providing opportunities for new businesses. The HS2 Growth Task Force’s report “High Speed 2: Get Ready” explains how “creating connections, bringing people and businesses closer together, is what will enable the major economic benefits of HS2 to be realised”.

KEY ISSUES

- Commitment to HS2 Phase 2b.
- The need to commit now to design work and potential HS2 alterations to accommodate NPR.
- Commitment to transformational rail investment in the north.
- The need for northern authorities to inform decisions about scope, outcomes and funding.
- Provision for rail demand growth by 2024 not made in July HLOS, needs rectifying and committing to.
- No devolved funding for the north for investment planning and implementation, beyond the TfN/TdF being used for NPR.

IMPACT AND ADDED VALUE:

Establish Leeds Station as a world class gateway

Inspiring our people

Develop our business and supply chain

Create a step change in City Region connectivity

A catalyst for regeneration

Maximising Economic Impacts of Culture

OUR PROPOSALS (HS2 GROWTH STRATEGY & NPR)

- Creation of a single **‘LCR HS2 GROWTH STRATEGY DELIVERY FUND’** allocated over 15 years, devolved locally for delivery of the Strategy for city region wide projects.
- Commitment for Government to deliver **NPR THROUGH BRADFORD, LEEDS AND YORK AND INTEGRATION OF HS2 AND NPR** improving Leeds - Bradford connectivity maximising agglomeration opportunities as well as regenerating Bradford city centre.
- Commitment for development of a **YORK CENTRAL HS2 GROWTH STRATEGY**.
- Commitment to delivery of the principles of the Leeds Station Plans through Network Rail / HS2 Ltd.
- Commitment to fund the immediate commencement of **SKILLS AND SUPPLY CHAIN PROJECTS**.
- Funding to support districts in developing regeneration and growth proposals around transport hubs connecting.
- Funding to deliver a further two years of detailed project development.
- Creation of an “Leeds City Centre HS2 Growth Zone” (HS2GZ) around the HS2 station in Leeds.
- Early approval to the LCR HIF funding submission to support housing growth.

DETAIL TO FOLLOW IN THE FORMAL SUBMISSION OF THE LCR HS2 GROWTH STRATEGY.



Likely LCR impacts of the HS2 Growth strategy:

Over 40,000 additional jobs by 2050

Cumulative additional GVA of over £28bn by 2050

Over 5,000 local construction jobs during the period of construction

Significantly enhanced regional and local connectivity

OUR PROPOSALS (WIDER TRANSPORT)

- Statement showing continued commitment to HS2 including Phase 2b.
- Commitment to inclusion of HS2/NPR touchpoints in HS2 Phase 2b Hybrid Bill design work and requisite funding.
- Trans Pennine Route upgrade – renewed commitment to the outcomes promised with Northern Authorities including WYCA involved in the decision making and funding decisions.
- Agreement and support for the emerging NPR vision, including stops at Bradford and York.
- Mitigation for Leeds Rolling Stock Maintenance Depot’s impact on the LCR EZ.
- East Coast Mainline, Calder Valley line and Harrogate lines – where we need a commitment to investment and to for NR to include in their pipeline.
- Further devolved funding allocation for the development and delivery of the revised and updated Long Term Rail Strategy for the North.
- Commitment to work with TfN/Rail North/ Northern Authorities, and to fund, any provision for rail demand growth by 2024
- Recognition of the importance of the M62 to the Northern economy and for Government to work with TfN on working through the solutions to the capacity and reliability issues.
- For Government to recognise the need to do more to support local areas in terms of encouraging the take-up of low emission vehicles and providing the necessary infrastructure to tackle air quality.
- Support for cycling and walking to maintain the momentum from the previous rounds of funding.

IMPACT AND ADDED VALUE:

- Confidence building and financial mitigation for LEP/LCC/developer.
- Confidence building and demonstration of commitment to the north.
- Rail connectivity, capacity and reliability improvements to support northern economy.
- Capacity for greater rail commuting and freight.
- Confidence building and demonstration of commitment to the north.

Details of “our” local Major Route Network / West Yorkshire Key Route Network will be developed via TfN technical studies underway and discussions with WY partners, TfN and Highways England. Our proposals are likely to include improvements to the existing highway to maximise efficiency, additions of new roads to facilitate development and major highway maintenance schemes to safeguard the reliability and resilience of the Major Road Network for the North and local Key Route Network.

2.5 GREAT PLACES

HM GOVERNMENT DEPARTMENT: DEPT. FOR COMMUNITIES & LOCAL GOVERNMENT/DEPT. FOR TRANSPORT

INDUSTRIAL STRATEGY PILLARS: UPGRADING INFRASTRUCTURE

Opportunities and Challenges

An ambition of the SEP is 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. This includes accelerating the delivery of new homes and employment growth in Spatial Priority Areas (SPAs) and supporting infrastructure to facilitate sustainable growth.

A key priority for the City Region, set out in our Strategic Economic Plan is to develop an integrated approach to the development of our SPAs if we are to accelerate job creation, deliver new homes and secure more private sector investment. In particular, we face an important challenge to provide the right commercial and residential sites in the right locations – sites that have the best possible digital and energy connections, sustainable transport access, and are resilient against disruption and damage.

Upfront investment in infrastructure to bring forward sites for housing & employment development significantly reduces market failures & development risk (pump prime investment) and attracts private investors. Providing the volume and the right types of housing needed to accommodate a growing workforce is essential to facilitate growth and also acts as a means of boosting local jobs and investment. There is also a need to ensure greater travel choice (and encourage a healthier workforce) through better sustainable travel links to our SPAs.

The risks to 64,000 homes, 31,000 businesses and critical infrastructure sites from flooding have been clearly illustrated by repeated flooding episodes in the last decade. Getting the required resilient infrastructure in place for key sites is therefore a central aim of our strategy.

OUR PROPOSALS (GREAT PLACES)

- **Deliver our housing infrastructure fund (forward funding) bid £177 million**
- **In addition, secure a £100 million Housing Deal for Leeds and the City Region:** There is also a requirement for £86m capital funding over the next five years for upfront site enabling works and critical infrastructure to support the development of the additional housing; with 2775 units to be built by 2021/22. This will build on the significant progress on developing Leeds Living.
- **Enterprise Zones:** Enhanced flexibility relating to Enterprise Zone occupier incentives (i.e. Enhanced Capital Allowances and Business Rate Discount). This may include an extension to eligibility periods where take-up of employment floorspace has been delayed and/or the ability to offer both incentives.
- **Flood infrastructure/resilience fund:** Responsibility for flood defence capital investment through devolved DEFRA and Environment Agency powers and budgets.
- **Digital: support Bradford & Leeds to pilot 5G testbeds** around health and social care sector, allowing partners to trial innovative healthcare solutions; **Local Full Fibre Network Programme** – ability for local bodies to capitalise project management costs and extension of Wave 1 pilot; and **future proofing of new developments** – limited scope for LCR local authorities to impose full fibre in new developments. Requirement through national planning legislation to make this happen for both business and residential developments.
- **Support West Yorkshire local authorities with £44 million to enable full fibre/gigabit connectivity to all public sector sites,** supporting our delivery of modern public services and using infrastructure as an enabler of innovation and new methods of service delivery. Deployment of more extensive fibre networks will support Leeds and Bradford as excellent locations for large scale testing and trialling of new 5G technologies.
- **H-21:** Fund the ambitious conversion of the gas network to hydrogen, which emits zero carbon at the point of use. There will be associated benefits for industry, with a linked package of business support from BEIS.
- **Air quality:** Devolved funding will enable regional / local authorities to determine and deliver appropriate air quality improvements and mechanisms. Adequate revenue and capital funding is required for local authorities to design and deliver locally appropriate mechanisms.

IMPACT AND ADDED VALUE:

- Commercial floor space constructed/refurbished.
- Housing starts/completions.
- Follow-on investment at site.
- Commercial floorspace occupied.
- Increase in gross employment, GVA and productivity.
- Inward investment by businesses (£m).
- Developing a competitive advantage for UK firms.
- Improving public service delivery.
- Zero emissions at point of use.
- Reduction in a range of air pollutants, reduction in health costs.

2.6 ENERGY

HM GOVERNMENT DEPARTMENT: DEPT. FOR BUSINESS, ENERGY & INDUSTRIAL STRATEGY

INDUSTRIAL STRATEGY PILLARS: DELIVERING AFFORDABLE ENERGY & CLEAN GROWTH

Opportunities and challenges

- Market failures result in limited investment, or investment ready projects, in decentralised low carbon energy.
- Need to consolidate currently fragmented, ad hoc funding to a sustainable resource to progress pipeline of major local energy generation, energy efficiency interventions and SME support schemes.
- Whilst the City Region has sector strengths in energy infrastructure and manufacturing, carbon emissions are falling at a lower rate than the national average. The existing energy generation sector needs to adapt and grow over the next decade as coal generation is phased out and energy intensive industries supported to become sustainable for the long term.
- BEIS research into innovation trends show that the energy sector is innovating at a slower rate than other sectors.

OUR PROPOSALS (ENERGY)

- A £40 million **LOCAL ENERGY FUND** (possibly resourced from Winter Fuel Payments and energy firms not meeting renewables targets) to:
 - Manage a pipeline of local clean energy projects and energy efficiency programmes that tackle fuel poverty and keep businesses competitive.
 - Investments in the demonstration and commercialisation of new technologies; and
 - Conversion programme for the switch from gas networks to hydrogen (linked to H21 in Defra).

OTHER PROPOSALS:

- Power to set local ECO criteria (and above current 10% level), so some funds can be allocated locally and targeted by need; and
- Power to set higher Planning standards for sustainable design and construction and including clean energy and ULEV.

IMPACT AND ADDED VALUE:

- Increase in clean energy.
- Secure localised supply.
- Help keep energy bills fairly priced and businesses competitive.
- Reduce fuel poverty.
- Increase SME competitiveness through resource efficiency.
- Increase in jobs, GVA and skills opportunities from the clean energy sector.



DELIVERING POSITIVE OUTCOMES



LEEDS CITY REGION
ENTERPRISE
PARTNERSHIP



WEST YORKSHIRE
COMBINED AUTHORITY

IMPACT

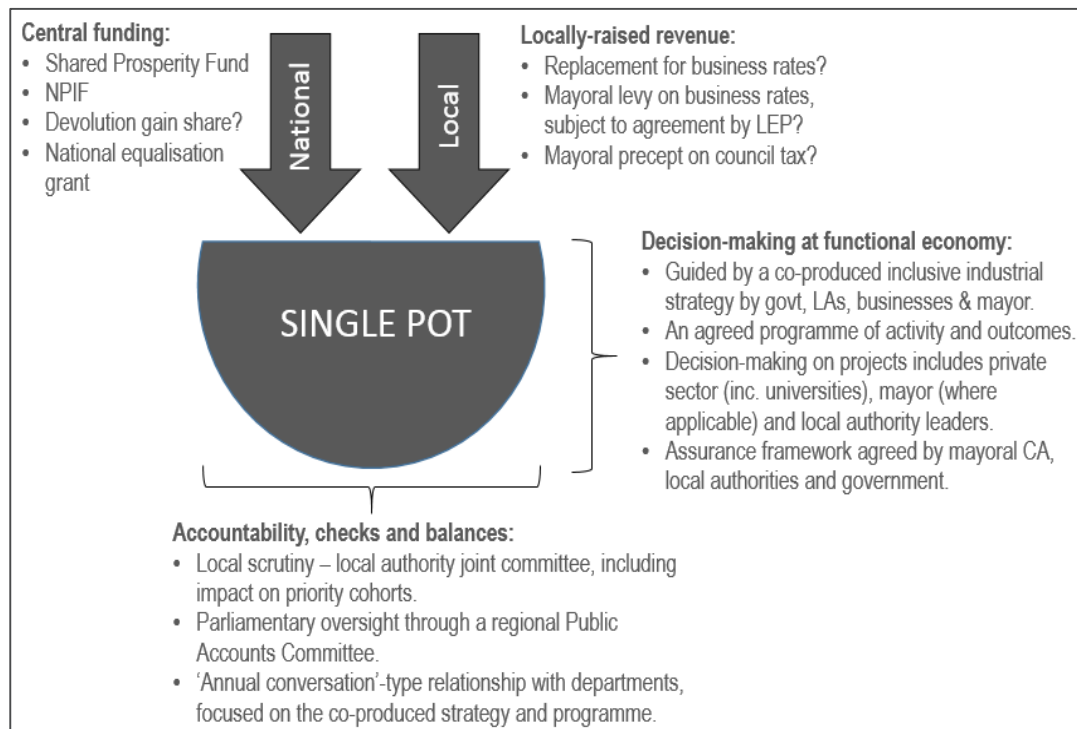
- All proposals are consistent with **an inclusive, place-based strategy** where all LCR communities contribute to, and benefit from, growth.
- In refining policies, we will challenge ourselves by applying to priority cohorts of **‘real people’**. This way, we understand the cumulative impact of public spending decisions on the life chances of all groups, including the most disadvantaged.
- The aim is to boost earnings and living standards through sustainable and more productive businesses, with people connected in a more inclusive labour market with less in-work poverty - “people-powered productivity”, raising productivity in low-pay sectors, supporting growing businesses and sectors to reduce poverty, connecting economic development and poverty reduction, and maximising the potential of anchor institutions.
- It capitalises on the agglomerative effects of growth across the North and a rebalanced UK economy.

WHAT A LEEDS CITY REGION SINGLE POT COULD LOOK LIKE

Our high level proposal is summarised opposite, joining up national and local resources. The proposal incorporates stringent checks and balances, including a far greater role for Parliamentarians. Taking this with our suggested design principles, **we believe that the SPF element for the city region could be ~£150m p.a** (to match current ESIF, Growth Deal and City Deal funding).

Suggested design principles

- Learn from and **maintain what works well in the current approach from ESIF and LGF**. For example, the ESIF long-term funding period (7 – 10 years in the current framework) provides certainty Intermediate Body status for Sustainable Urban Development demonstrates how funds can be locally operated.
- Moving away from EU regulations gives opportunities to **remove much of the bureaucracy** and unnecessary rules and eligibility criteria to be more like successful domestic programmes.
- A long term 'single pot' **linked to strong, co-produced local industrial strategies** is best way of overcoming the fragmentation from institutional and operational silos. The **SPF quantum** should be that previously received prior to Brexit (€396m 2014-2020), plus an additional tranche to reflect the contribution made previously by Local Growth Fund.
- The allocation should comprise **elements for both national and sub-regional work**:
 - Majority (say 90%) via needs-based formula weighted to take account of social and economic conditions in functional economies.
 - A retained element (say 10%), acknowledging that Ministers may want competitive allocation according to national priorities.



ROBUST ASSURANCE

WE HAVE WORKED HARD TO ENSURE THAT THE LEEDS CITY REGION ASSURANCE FRAMEWORK IS ONE OF THE MOST ROBUST IN THE COUNTRY.

Our officers worked closely with officials in the Department of Business, Innovation and Skills in its development, and have been reviewing it continually in light both of our own experience and following the publication of the National Audit Office report. We have also worked in collaboration with the What Works Centre to develop an accompanying Evaluation Strategy that we believe is a leading example of its kind.

Using our Assurance Framework – and the Single Appraisal Framework (SAF) at its heart – we have been able to allocate over £150 million since 2014. Equally, the robust nature of this process has meant that a number of projects have been rejected or reworked rather than being allowed through unchanged, even though they were identified in the Growth Deal settlement with government.

Our decision-making processes are continually evolving to learn from experience, and the SAF will be updated to ensure that all future investment is assessed according to its contribution to the priorities of the SEP and its commitment to inclusive growth.

IN CONCLUSION:

The package of short and long term measures set out offers the opportunity to:

- Address locally the Government's key national concerns to increase productivity and boost earnings power.
- Drive improvements across all sectors of our economy, particularly in relation to manufacturing, where we have the potential to be the UK's "Mittelstand", thriving in a post - Brexit world.
- Deliver opportunities for all our people, ensuring that no matter where a person comes from there is no limit to where they can go.