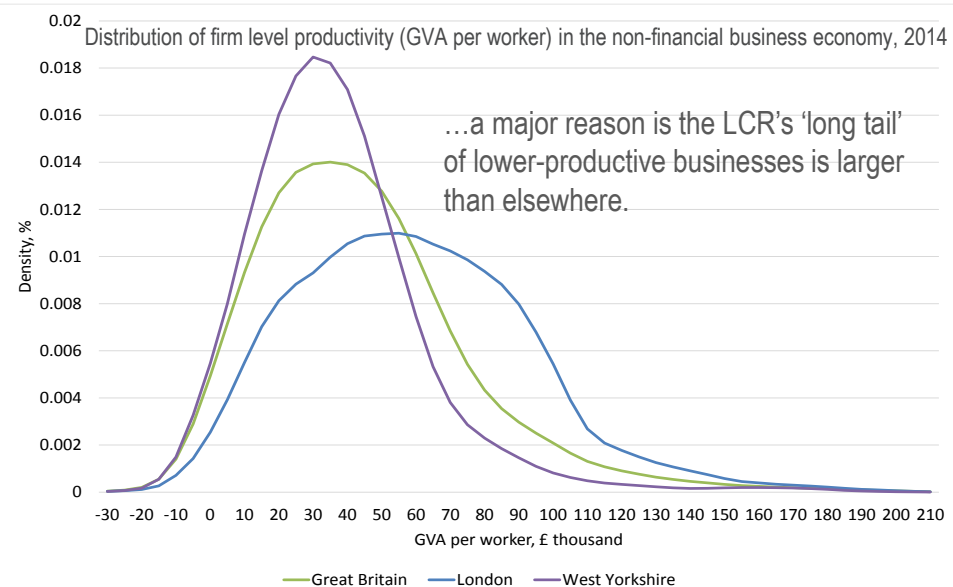
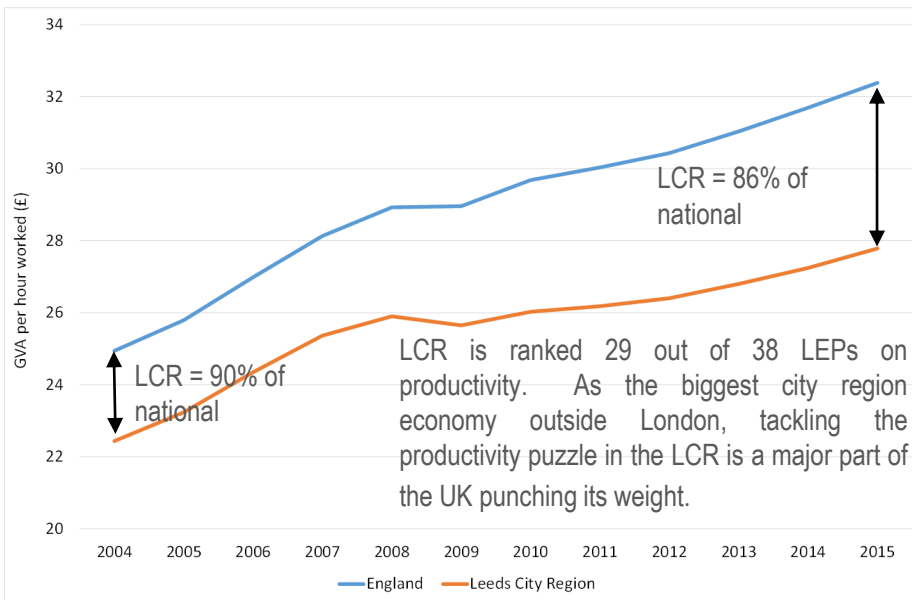


# The Challenge and Prize

The **productivity gap** is growing between the Leeds City region, UK & other advanced economies. Closing this gap is worth **£10bn** to the economy, and a major driver of inclusive growth.

This growing productivity gap is a problem because real terms living standards can only be improved sustainably by increasing productivity.



We need a productivity revolution - one that is led by the private sector - so businesses and workers contribute to delivering inclusive growth benefits to the region.

# The Solution: a productivity revolution

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With the second largest business 'scale up' count in the country outside of London and the South East, Leeds City Region has businesses that are growing and becoming more productive.

However, to really close the growing productivity gap there needs to be a substantial shift in the 'long-tail' of lower-than-average productivity firms.

It requires a **private sector-led productivity revolution** so proven ways of working diffuse across the business base, boosting productivity. This covers:

- Business leadership
- Investment
- Innovation
- Good work and skills

This will put the City Region at the forefront of improving living standards through genuine inclusive growth.

# Business leadership

## Main ideas

### 1. Business Heroes and a Private Sector Productivity Movement

- Identify businesses that have improved their productivity and help them **tell their stories** across business groups, sector networks and supply chains, encouraging diffusion of good practice across the 'long-tail'.
- **Clear messaging** about how businesses can understand and act on productivity in a way that's real for each firm.

### 2. Management Capacity

- Greater understanding of the importance of management skills in boosting productivity.
- Examine how business development offers (private and public) can better equip all tiers of management to promote innovation and productivity across businesses.

### 3. A No Wrong Door agreement on business support

- **Align support offers** from business membership / representative bodies
- Reach out further through business intermediaries like banks and accountants
- Promoting the Be the Business productivity diagnostic tool to businesses
- Business support organisations (including the LEP) **sign up to a set of principles** outlining a 'no wrong door' approach to advice/support for increasing productivity

# Investment

## Main ideas

### 1. Supply of investment

- Attract **inward investors**, particularly in R&D intensive sectors
- Investigate best practice models for **alternative investment**, including raising investment locally e.g. crowd funding/crowd sourcing, pension fund investments, philanthropy

### 2. Demand for investment

- Looking at how **innovation/investor readiness support** could further encourage businesses to access existing funding for innovation in particular
- Working with businesses to **collaborate** together on R&D investment, particularly SMEs.

### 3. Public intervention

- Review how **Growth Hub activity** currently contributes to productivity and set out further work – including harnessing the ‘How good is your business really?’ productivity diagnostic for relevant businesses
- Influence nationally and change locally the assessments of **infrastructure investments** to take greater account of their productivity impact
- Overcoming the current shortfalls of private investment supply, investigating the role of business grants and larger initiatives like **regional business banks**
- Ensure public support incentivises firms that drive productivity growth and good work.

# Innovation

## Main ideas

### 1. Supply chains

- Increase the **knowledge** of existing supply chains and **best practice** for supply chain digitisation
- Challenge how supply chain ecosystems can drive **collaborative innovation**, using productivity champions

### 2. Harnessing research institutions

- Challenge universities on the commercialisation of knowledge, **meaningful engagement with SMEs**, and impact of the new Knowledge Exchange Framework
- Engage through Innovation North, and opportunities to improve northern productivity through better **pan northern collaboration** around innovation

### 3. Innovation support

- Supporting a region transformed by tech, where every business is a digital business, by increase our understanding of **what works in innovation support**
- Deliver the **Med-Tech Science & Innovation Audit** as a proof of concept
- Use the well-established, **Export Network** model to stimulate peer to peer innovation support.

# Good work and skills

## Main ideas

### 1. Good work

- Investigate international **best practice** on workforce representation / collective bargaining
- Engage with trade unions, productivity champions and anchor institutions
- Facilitate the sharing of local best practice of **workforce approaches to improved productivity**

### 2. Pay, progression and training

- Promote importance of fully using existing **skills, continued training and retraining** - the career learning pilot as a case study
- Advocate for greater and better **flexible working practices** building on the Timewise work to help close the employment gap for disadvantaged groups
- Examine how wage trajectories and policies can influence productivity and living standards.
- Explore the performance of businesses with **alternative models of ownership** in terms of productivity, extracting key learning

### 3. A healthy workforce

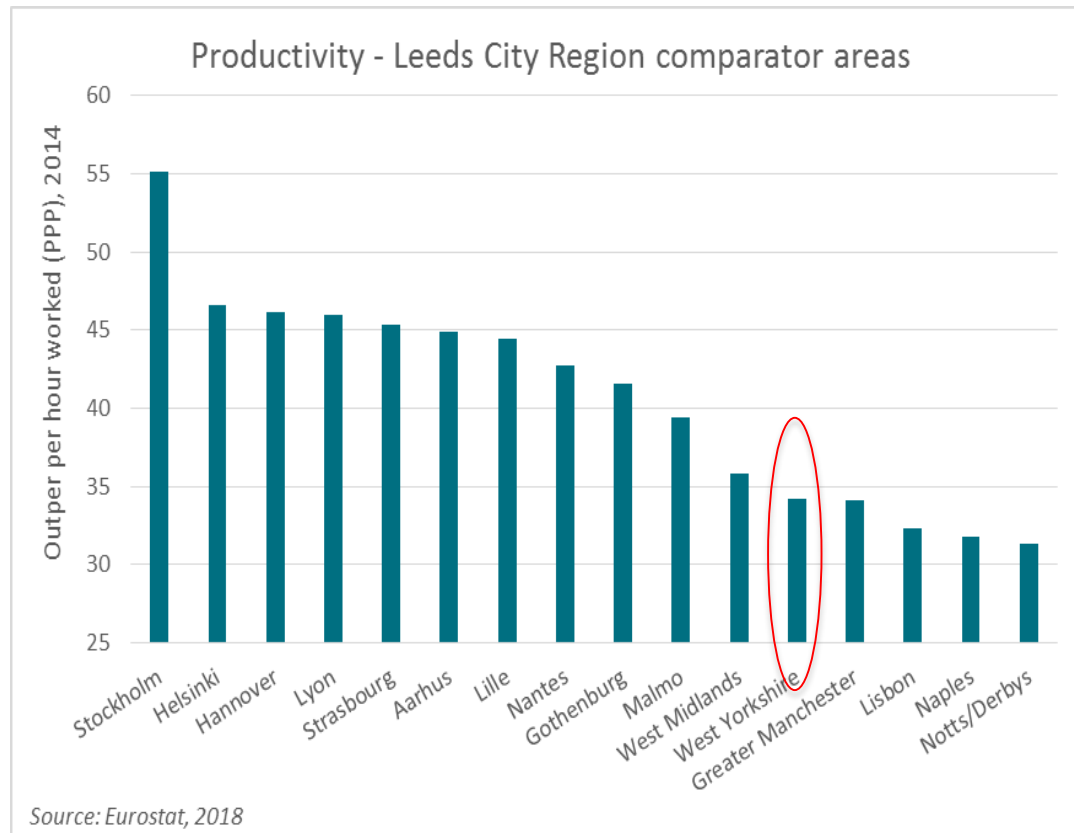
- Build a campaign on the importance of **employee health** in delivering productivity
- Make a step-change in employees, GPs and small businesses taking up publicly-funded **occupational health support** - <https://fitforwork.org/>
- Extract learning from The Work Wellness Service pilot in York and other programmes

**Evidence base**

# The Context: City Region performance

Productivity is a central theme of the Government's industrial strategy white paper, with almost universal acceptance that it is key to the country's future economy and living standards.

It will therefore also be a central component to our local inclusive industrial strategy.





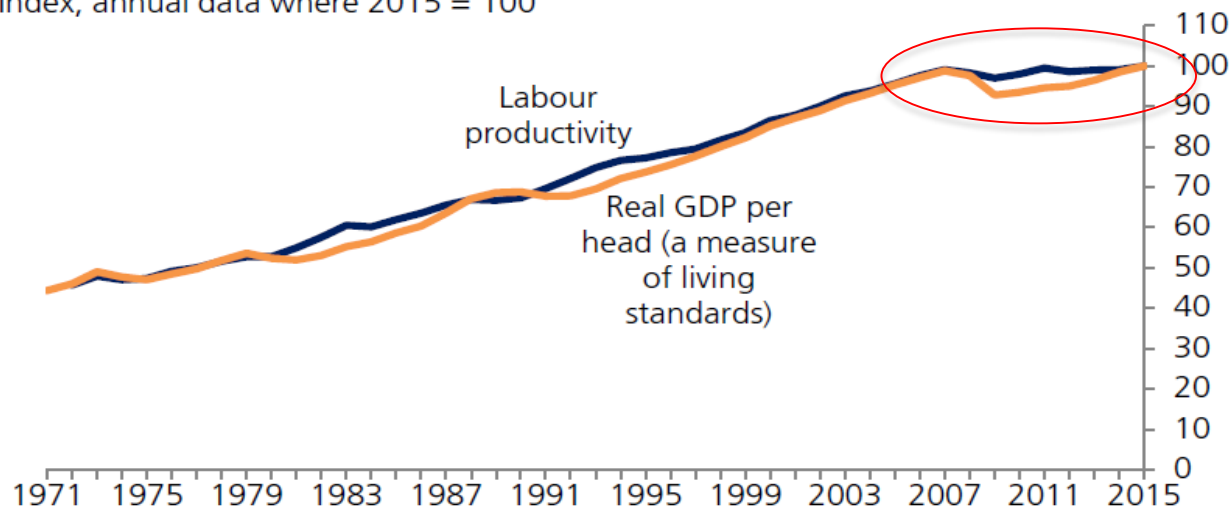
# The Context: Productivity & inclusive growth

**Productivity, wages and living standards are linked.**

Low UK productivity growth since 2007 has accompanied a sustained period of real income stagnation and living standards not improving. Improving business productivity can positively impact in-work poverty.

## Labour productivity and GDP per head flat since 2007

Index, annual data where 2015 = 100

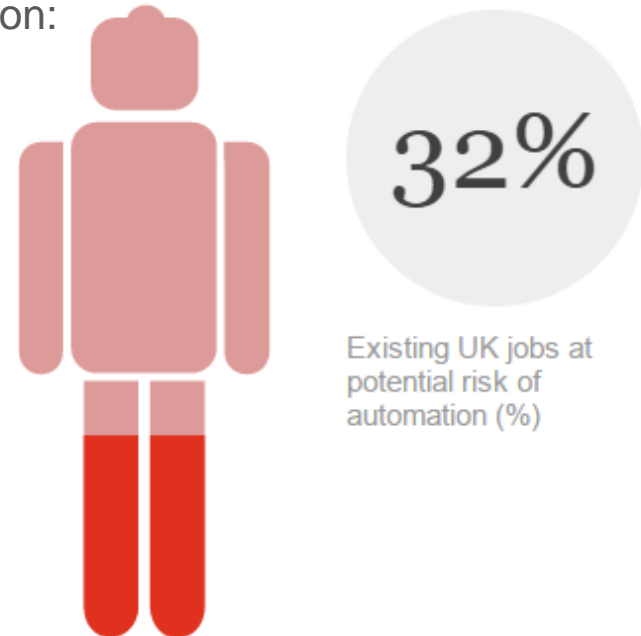
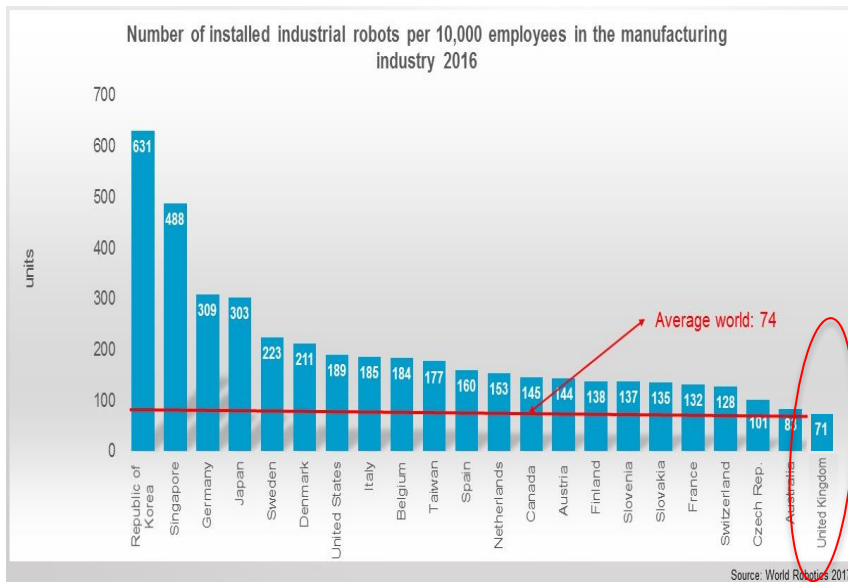


There is however, conjecture about the ‘causality’ of the relationship (i.e. whether productivity improvements lead to higher wages and living standards, or vice versa).

# The Context: Automation and the future of work

The relationship between technology and productivity is complex, however investment in innovation and machinery is strongly associated with improved productivity in the right conditions. Encouraging this innovation in a positive way, alongside an inclusive growth approach to the future of work, is a challenge for the productivity revolution to balance.

Two dynamics to automation:



1. The UK is behind the curve in terms of technology and innovation compared to other advanced economies

2. However, there is also a public concern around how technology and innovation may affect existing jobs in the future