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**Report to:** West Yorkshire Combined Authority  
**Date:** 1 February 2018  
**Subject:** Local Inclusive Industrial Strategy update

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12a, Local Government Act 1972, Part 1	

## 1 Purpose

1.1 The purpose of this paper is to:

- update WYCA on the development of a single, bold city region strategy, owned by both the LEP and WYCA that provides a compelling proposition using the city region's tech assets and opportunities to deliver inclusive growth outcomes.
- seek WYCA comment on and endorsement of the direction of travel on the following areas:
  - an updated Leeds City Region strategic framework presented in Section 2.4, Section 2.5 and in Appendix 1;
  - the draft vision statement set out in 2.7 and the intention to develop further 'expressions' for different audiences;
  - the emerging priorities and proposals summarised in Section 2.10 that could form the core building blocks of our local, inclusive industrial strategy and will be key to securing future investment; and,
  - the proposed 'open policy' approach set out in Section's 2.13, 2.14 and 2.15 that intends to harness the views and influence of partners in co-producing a compelling, bold city region proposition.

## 2 Information

### Agreement to develop a single, bold city region strategy

2.1 At the last WYCA meeting on 14 December 2017, the LEP Board's decision to begin the development of a local, inclusive Industrial Strategy (LIIS) was endorsed. Building on the Strategic Economic Plan (SEP), this will form a key component of an agile,

long-term strategic framework aimed at driving growth, boosting productivity and earning power for a post 2030 economy.

- 2.2 There is an ambition to deliver at pace with the intention to present a compelling plan that further transforms the City Region. The aim is to position the City Region so that it forms part of the first wave of Local Industrial Strategies agreed by government by March 2019.
- 2.3 An indicative timeframe for development of our strategy is provided below:
- Short-term (January/February 2018): high level messages, including an emerging vision and statement of intent for the City Region that will be used as a mechanism for engagement with government and local stakeholders; and
  - Long-term (pre-March 2019): publication/submission of the LIIS, subject to further guidance from government.

An agile long-term strategic framework

- 2.4 Crucially, our policy framework needs to provide room for bold, long-term planning. Recommended core principles for our new strategic framework include:
- a different ‘look and feel’, providing an agile and ‘live’ strategic framework, with sections that might form mini strategies in their own right;
  - a focus on tackling the key challenges the City Region faces:
    - Productivity Gap is increasing;
    - Innovation and Research & Development are very low
    - Living standards have stalled; and
    - Stubborn deprivation persists.
  - to reflect the City Region’s expanded policy remit, covering the direct and indirect determinants of citizen experience and inclusive growth<sup>1</sup>, such as how culture and sport contribute to the status and identity of thriving places and prompt diversity of thought, stimulating innovation across communities;
  - to build on our core strengths e.g. our concentration of science, research and innovation assets; our globally-competitive manufacturing sector and vibrant digital-tech sectors, including medical technologies;
  - to guide decision-making over a refocused programme of activity to more clearly drive inclusive growth outcomes; and,
  - to place the City Region on the front-foot with an ambitious policy platform that improves competitiveness and ensures the benefits are shared fairly.

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<sup>1</sup> **Inclusive Growth** is broad based growth that enables the widest range of people and places to both contribute to and benefit from economic success. Its purpose is to achieve prosperity alongside greater equity in opportunities and outcomes. In Leeds City Region, we believe that only by integrating economic and social policy will we achieve *Inclusive Growth*. Our aim is to address social exclusion, inequality and put forward economic interventions that jointly achieve the best outcomes and opportunities for our citizens.

- 2.5 The diagram in **Appendix 1** presents the proposed strategic framework for the City Region. Further development of the framework, including establishing a clear set of outcome measures and targets, will be informed by the LEP Board and advisory committees considering the framework. The proposed framework is followed by a summary of the key messages emerging from an exercise to map the headline priorities of the SEP and its associated strategies and delivery plans against the overarching objectives of the Industrial Strategy’s ‘five foundations of productivity’.

Developing a compelling and transformative narrative for the City Region

- 2.6 One of the actions agreed by the LEP Board and WYCA was to commence work on the development of a compelling and transformative vision narrative for the City Region. The starting point is the sentiments of the existing SEP vision:

**“THE LEEDS CITY REGION WILL BE A GLOBALLY RECOGNISED ECONOMY WHERE GOOD GROWTH DELIVERS HIGH LEVELS OF PROSPERITY, JOBS AND QUALITY OF LIFE FOR EVERYONE”**

- 2.7 The narrative below is an indicative illustration to express for a particular audience what life in 2035 might be like if we deliver economic and social transformation. Other ‘expressions’ can be developed for different audiences and communicated in appropriate language and formats.

**LEEDS CITY REGION 2035: TRANSFORMED BY TECH AND DATA**

*It is 2035. Sarah and Kareem plan their day over breakfast. Sarah’s smartphone confirms the autonomous vehicle booking to get Muhammed to his free child care. He waves as he gets on board, chatting excitedly with his friend Ruth about the coding club they will be attending at the primary school where the children’s centre is located. Kareem cycles to Bradford’s new Rail Hub for his 9.00am train to London, where he is meeting clients at an investment bank, who are interested in his company’s digital trading platform with enhanced security features, developed on the back of the city region’s world famous strengths in data security. He will be back in time to meet Muhammed when his autonomous vehicle returns him home.*

*Sarah walks to her urban transit stop and meets her friend Sam. They met working in retail, but having retrained in the mid-2020s, both now work at an engineering company in Dewsbury which produces digitally enabled artificial hips, this family owned business, part of the city region’s med-tech cluster, has seen its workforce double in size over the last 10 years and its output quadruple, with export markets in North America and East Asia performing particularly strongly since the full implementation of the UK’s free trade agreements with these areas in 2031.*

*On the tram, Sam checks his smartphone to confirm when his mum’s virtual consultation on the management of her diabetes is due. Since her husband died, Thelma has moved to a new flat with integrated health and care provision that has enabled her to stay out of hospital, despite last winter’s national flu pandemic. The flat was one of the first in the neighbourhood to be converted to hydrogen in 2030 and the reduction in heating costs that this clean technology provides means that Thelma was able to stay warm throughout the winter.*

*Thelma’s primary designated carer, Lauren, started her career as a care assistant 15 years ago. She is studying on-line to develop her IT skills to level 5, to enable her to move to a more senior role at her provider, leading on the remote, digital delivery of integrated care packages, bringing together NHS and local authority provision. On her way to the Stormzy 20<sup>th</sup> anniversary retrospective concert at the Leeds Arena, Lauren spots the BBC News alert which highlights the latest ONS economic reporting. Leeds City Region has for the second year running achieved more than £100bn in economic output with productivity per head now exceeding the national average and second only to London.*

***This is our future; let’s all work together to create it.***

### Industrial Strategy: Opportunities for investment

- 2.8 The national Industrial Strategy White Paper and Autumn Budget Statement included over 40 different funding pledges (many of which had been announced previously by the Government). Opportunities for LCR to engage with the funding opportunities have been mapped against existing priorities of the SEP, and alignment with current funding streams.
- 2.9 While further details are awaited, initial analysis of the national Industrial Strategy mapped against the SEP priorities has highlighted a number of promising areas including:
- The £1.7bn Transforming Cities Fund for projects that improve intra-city connectivity, reduce congestion and utilise new mobility services and technology (it is worth noting that this will be a competitive fund with half of the money already allocated to areas with a Mayoral Authority).
  - A £115m 'Strength in Places' to build on Science Innovation Audits (SIAs) - this will be a competitive fund and evaluated in 2020/21, and will provide the opportunity to build upon regional SIAs in Med-Tech and the Bio-economy.
  - Increases in Higher Education Innovation Funding (HEIF) to be used to meet the innovation needs of local businesses, contributing to regional development.
  - An increase in the National Productivity Investment Fund of £8bn targeted at areas that will have the biggest impact on productivity.
  - An Industrial Strategy Challenge Fund pot of £725m including funding for areas such as healthy ageing and clean growth which align with LCR strengths. The Ageing Society grand challenge in particular could provide a platform for LCR to review productivity in the care sector to develop innovative new business models.
  - In parallel with the Industrial Strategy, the Government's Clean Growth Strategy includes a number of funding streams of relevance to LCR, including around £3.6 billion of investment to upgrade around a million homes through the Energy Company Obligation (ECO), and extend support for home energy efficiency improvements until 2028 at the current level of ECO funding.
  - The Shared Prosperity Fund consultation expected in the New Year will provide an opportunity for LCR to make the case for investment that supports inclusive growth, in particular in support of skills and employability activities which have less clear funding opportunities outlined in the Industrial Strategy.

### Emerging priorities for our Local Industrial Strategy

- 2.10 Further guidance is awaited from government on the approach and process that will be adopted to develop Local Industrial Strategies during 2018. Work has commenced to identify a number of priorities and 'big ideas' that could form the core building blocks and focus of our Local Industrial Strategy.

A summary of these emerging proposals and ideas is provided below:

**1. Transformative private sector leadership in the Leeds City Region to tackle the growing productivity gap.**

We need a productivity revolution; one that is led by the private sector by harnessing the collective power of business groups, business intermediaries like banks and accountants, and public business support, where businesses are clear of the challenge and there is 'no wrong door' to high quality advice to improve productivity. Real term living standards can only be increased sustainably by increasing productivity.

**2. The Leeds City Region Transformed by Tech**

Technology changes the world – and the LCR has significant private and public tech assets to extend its reputation for tech. Businesses invest relatively little in Research & Development (R&D) and there are opportunities to test how to best prompt and channel investment in technology, innovation and R&D to transform our economic base. We need to deliver the LCR Med-Tech Science and Innovation Audit (SIA) as a 'proof of concept' to learn how orchestrated academic, public and private action can unlock R&D and innovation, driving investment, productivity and growth.

**3. Maximising the impact of HS2 and Northern Powerhouse Rail through the development of inclusive growth corridors in the Leeds City Region**

Deprivation is stubborn, while new infrastructure and the power of agglomeration brings new good jobs, we have to do more to ensure that all communities are able to take these opportunities. We therefore need to deliver inclusive growth corridors alongside local communities so everyone – and particularly those in the most disadvantaged areas – are connected to opportunities. A series of corridors will connect major communities, including some of the most deprived, to HS2. The plans will cover housing and employment, flooding and social policy as well as the transformational connectivity and the opportunities around new technologies required to support each of these.

2.11 These ideas and proposals build on the 10 Headline Initiatives presented in the SEP and the long-term priorities set out in our Autumn Budget submission, such as:

- An ambition to become a global digital centre, with specialisms in data storage, analytics, digital health and tech;
- To implement co-ordinated and wide ranging action to radically increase innovation;
- To deliver a more jobs, better jobs programme and the need to close the gap in relation to high level skills and to tackle employability issues; and
- Our intention to drive forward the development of our Spatial Priority Areas through integrated investment and move beyond the improved connectivity that will result from the Transport Fund towards a single integrated public transport network.

- 2.12 These emerging ideas and proposals also recognise that our local industrial strategy needs to unlock productivity. If the City Region's productivity were to be raised just to the national average level, its economy would be more than £10 billion larger. As part of our approach, we will be informed by the significant evidence<sup>2</sup> that investing in a business' workforce and generally treating people well is important in supporting all other productivity interventions, and can give a significant boost to productivity on its own. The desired outcome would be to see a more virtuous cycle between labour investment, the quality of people and performance, operational performance and the effects upon sales and profits.

### Our Approach to Policy Development

- 2.13 It is our intention to adopt an open and inclusive approach to the development of the LIIS, working with the CA/LEP's Advisory Committees, and with strong engagement in particular with:
- Districts, building on the excellent work done and ongoing to develop their local inclusive growth/economic/industrial strategies;
  - Universities, making the most of their research assets and role as local anchor institutions; and
  - Business representative groups, as key actors representing the views of the private sector in the city region and deep knowledge of the barriers to improving productivity and boosting earning power.
- 2.14 A key part of securing widespread buy-in and support will be to ensure we have a shared vision for our future economy (and society – see 2.7 above). Subject to the views of WYCA, Communications & Marketing will develop a range of ways to engage with stakeholders on our vision, developing alternative and additional perspectives that demonstrate how, with the right interventions, all parts of the city region and all its residents can be transformed.
- 2.15 The LEP Board considered and welcomed a progress report on the Local, Inclusive Industrial Strategy on 16<sup>th</sup> January, 2018. Further development of the framework, including establishing a clear set of outcome measures and targets, will be informed by the LEP Board and advisory committees considering the framework.

## **3 Financial Implications**

- 3.1 While there are no immediate and direct financial implications arising as a result of this report, without further investment or significant changes to fiscal powers, it is likely that WYCA will have insufficient resources to fund interventions for its extended policy range.

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<sup>2</sup> Examples of research include:

- Zaynep Ton (2014) The Good Jobs Strategy
- BEIS (2012) Leadership & Management in the UK – the Key to Sustainable Growth; and
- PwC <https://www.pwc.co.uk/services/human-resource-services/work-well-programme.html>

- 3.2 The Leeds City Region currently does not have access to further government support for a local industrial strategy, unlike Mayoral Combined Authorities who have access to a further £12m over two years to increase capacity and resources, in addition to committing civil servant support to co-produce local industrial strategies.

#### **4 Legal Implications**

- 4.1 There are no direct legal implications arising from this report.
- 4.2 WYCA has the power of general competence in respect of economic development and regeneration matters.

#### **5 Staffing Implications**

- 5.1 Broadening WYCA's policy range will require capacity and expertise from WYCA, local authorities and other partners. This can largely be provided within existing resources.

#### **6 External Consultees**

- 6.1 External consultation to inform the development of the Local, Inclusive Industrial Strategy is anticipated to commence in the spring.

#### **7 Recommendations**

- 7.1 That WYCA comments on and endorses the direction of travel on the following areas:
- an updated Leeds City Region strategic framework;
  - the draft vision statement set out in 2.7 and the intention to develop further 'expressions' for different audiences;
  - the emerging priorities and proposals summarised in Section 2.10 that could form the core building blocks of our local, inclusive industrial strategy and will be key to securing future investment; and,
  - the proposed 'open policy' approach that intends to harness the views and influence of partners in co-producing a compelling, bold city region proposition.

#### **7 Appendices**

Appendix 1 presents the proposed strategic framework for the City Region.

#### **8 Background Documents**

- 8.1 No background documents are attached.