

The Leeds City Region

www.leedscityregion.gov.uk

The economic powerhouse
Urban-rural mix
Cluster development and hubs of activity
The Challenges
The future
The LCR Local Enterprise Partnership
Economic & Business Intelligence

The geographical area of the Leeds City Region covers the ten districts of Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield and York. North Yorkshire County Council are also members of the Leeds City Region Partnership.



LCR - the economic powerhouse of the north?

- The largest city region in the country outside London, with a population of over 3m.
- Produces approximately 5% of national GVA annually (at £52bn).
- Has over half the Yorkshire and Humber's GVA and employment.
- The largest employment centre for manufacturing in the UK.
- The biggest financial services employer outside the capital.
- One of the largest concentrations of higher education institutions in Europe (with 8 in total, where 36% of the research is world class, and 10% is world-leading).
- Stands out favourably when comparing the skills levels and business survival rates of northern city regions.
- Employment levels have grown at the fastest rate of any city region in the north from 1998 to 2008.
- Within the city region boundaries, there are areas of particularly strong performance in enterprise and private sector employment growth
 - Bradford recently named the most enterprising district in the region
 - Leeds with its strong private sector growth in recent years
 - York being ranked fourth nationally in high level skills as a proportion of overall workforce of all cities

The diversity of the city region's employment, business and knowledge bases makes the LCR one of the most resilient economies in the north of England. This diversity of economy is complemented by the diversity of place that the city region uniquely offers.

Urban – Rural Mix

The city region has a distinctive mix of urban and rural areas in close proximity with attractive open space both within and between settlements – with Leeds the largest settlement and regional city, Bradford as a regional city, and a number of predominant sub-regional cities and towns, such as Barnsley, Halifax, Harrogate, Huddersfield, Wakefield and York. The rural areas of the city region are serviced by a range of market towns and service centres.

- The city region's cities, towns and service centres all link to varying degrees with the urban core of the LCR and play distinctive but complementary roles in the operation of the local economy.
- There is extensive evidence of the rising interdependency of settlements across the city region which is helping not only to facilitate their economic growth but also the growth and competitiveness of the city region as a whole.
- Enhancing the individual and complementary roles of different 'places' is therefore critical to the overall prosperity and wellbeing of the city region.

Cluster development

A critical mass of businesses and research expertise within distinctive sectoral communities has developed. These clusters have fostered enterprise and innovation in particular industries, creating the potential for international competitive advantage in the following sectors:

- **life sciences and related industries** (particularly biosciences and healthcare/medical technologies): with significant clusters of activity in the medical tech industries across the north and west of the city region, a centre of excellence in regenerative medicine centred in Leeds but extending across the wider city region and significant biosciences expertise centred in York
- **low carbon industries** (particularly environmental technologies and biorenewables): with a centre of excellence being developed around York in biorenewables; a growing supply chain of manufacturing to support a range of renewable energy technologies in and around Kirklees and the west of the city region; and the energy industrial base in Selby and Wakefield.
- **digital technologies** (particularly in telehealth and IT): extending from the cluster of strengths in the Airedale Corridor and wider industrial base in digital and media technologies in the west of the city region, through to the hubs of digital expertise and enterprise in Leeds, Huddersfield and York.

Hubs of Activity

In addition, the city region is home to nationally and regionally significant hubs of activity in the following industries:

- **financial and businesses services:** complements the global financial services hub of London;
- **manufacturing:** across a diverse range of sub-sectors, particularly centred in Bradford, Kirklees, Leeds and Wakefield, but extending across the west and south of the city region; and
- **creative and cultural industries:** a network of strong local clusters of activity which provide an important source of employment and inimitable character to the city region's many distinctive places.

The city region's unique location and quality of place offer significant advantages in other sectors including a strong tourism/leisure industry and, owing to the LCR's location at the heart of national railway and motorway networks, an attractive location for the logistics industry.

In addition to this diverse range of industry, the city region is home to a diversity of business models – with a higher than average proportion of social enterprise and a strong and vibrant third sector that helps to underpin economic growth.

The Challenges – Is it achieving its full potential?

- Business base is the largest outside of London - but on the whole lags the national average and international competitors on measures of the density, growth and quality of economic activity.
- Skill levels and employment rates are well above the national average in some parts of the city region – though there are areas where the attainment of qualifications are below average, leading to a lack of upward mobility for some city region communities.
- Some local areas of strong enterprise growth – however, other areas lag well behind the national average, which in turn weighs down the overall LCR average for start-up, survival and business growth rates.

Public sector: Whilst these issues can limit the overall performance of the city region economy, they are even more challenging to areas with a greater dependence on the public sector. Recent and current reductions in public sector spending present challenges for the overall economic performance of the area, leaving a number of areas largely dependent on the strength of the private sector to preserve the resilience of the area.

International connectivity: Although some firms and universities in the city region have significant links with international trading partners, the city region economy lacks the international connectivity which is commensurate with its assets, both in terms of inward investment and in terms of the trade links of businesses in the area. The recent LCR Business Survey data shows that only 8% of firms in the city region export outside the UK, and only 6% outside the EU. Further, in those areas where the city region is understood to have its greatest niche strengths (i.e. services, healthcare and medical devices), the region lags UK competitors in its share of UK trade.

Attracting investment: despite its world-class assets, the city region has not effectively managed to attract new investment to the region in recent years. A recent report by fDi Intelligence, part of the *Financial Times*, found that West Yorkshire ranked 15th in the country for inward investment, putting the area behind Birmingham, Manchester, Tees Valley and Newcastle. Comparatively, the city region does not have the national or international profile that it should have and that a number of competitor cities or city regions already possess.

Public/Private Investment: LCR is also struggling to secure the public and private investment needed to improve the quality of some of our cities and towns:

- Public sector investment in housing in Yorkshire and Humber has consistently seen the lowest allocation per capita of any region. In the three financial years from 2006 to 2009 the region received only 20% per capita of the allocation to London and only 55% of the average allocation.
- The north of England has consistently received a much lower level of investment in transport when compared to London. In 2005/6 Yorkshire and Humber received £190 per head of population, whereas London received £589. By 2009/10 whilst the comparative substantial differentiation remained these figures had grown with Yorkshire and Humber receiving £272, compared to £802 in London.

- Some of our cities and towns face real challenges in attracting private investment to support their regeneration. This challenge is apparent in both large and small places and some of it is a legacy of previous economic roles such as coal mining and textiles.

These challenges suggest that the city region will struggle at its current performance levels to reach the international competitiveness to which it aspires, but also highlight the ability to make substantial and beneficial changes.

The Future of the LCR Economy

With current trajectories of global competition and a reduction in central government funding to support the development of Northern economies, the economic growth in the city region is likely to be behind the national average without positive action. **The Future of the Yorkshire and Humber Economy** predicts:

- An average of 2.2% per annum compared with a UK average of 2.3% over the period to 2030,
- That regional GVA and productivity will continue to lag behind the UK average,
- That employment growth will grow at a similar rate to the UK forecast growth rate at around an average of 0.5% per annum.
- Further, without intervention, carbon emissions up to 2030 will remain roughly at the same level as they were in 2009. This outcome contrasts with national ambitions to reduce emissions by 34% by 2020.

However, should the city region effectively support a transition to a stronger private sector, the growth trajectory is forecast to increase up to an average of 2.6% GVA growth per year in the period up to 2030.

This scenario not only depends on growth in the private sector, but a flourishing of new industries, including advanced manufacturing. With effective intervention, the city region is likely to see not only faster output growth but also improved employment growth, achieving an average of 0.6% annual growth rate in the period up to 2030.

Only with targeted and concerted intervention across the functional economy of the city region will this current growth trajectory be improved.

The LCR Local Enterprise Partnership

In 2010, the government announced a proposal to encourage the formation of 'Local Enterprise Partnerships' (LEPs) across England – voluntary groupings to bring together the private sector with local government to provide strategic economic leadership in their area. Government encouraged partnerships to come together to cover 'functional economic areas' – in other words, local economies that have real meaning in terms of their residents' life and work patterns.

In responding to the government's request, the City Region had a strong track record of partnership working and achievement on which to build. The Leeds City Region Partnership was formally established in 2004, comprising the ten districts plus North Yorkshire County Council.

Beginning with the original [Leeds City Region Development Programme](#) and subsequently with the [Multi Area Agreement](#) and [Pilot Programme](#), the Partnership established strong foundations and achieved real progress in providing the environment and tools for the City Region economy to grow.

Once the City Region's LEP proposal had been approved by government, Neil McLean, a consultant for the major law firm DLA Piper, was chosen as the Chair of the Board. He has been joined by eight private sector board members from a wide range of business sectors, alongside eight of the leaders of the City Region's local authorities.

The Strategic Plan

The Board first met in April 2011, coming together at a time of extraordinary and unprecedented economic and political change. In this context, the LEP Board has developed a 5-year strategic plan, outlining priorities, delivery mechanisms and outcomes.

Long-term vision: ***'A world-leading dynamic and sustainable low carbon economy that balances economic growth with a high quality of life for everyone.'***

In moving towards this vision, the LEP will seek to achieve not only GVA growth, working to enhance market opportunities where the growth potential is greatest, but also an increase in overall employment, whilst working to facilitate a decrease in carbon emissions.

Four strategic priorities: simple and streamlined, and designed not to pick winners, but rather to build on the diversity of the city region economy to promote our key strengths, whilst tackling those barriers standing in the way of businesses and individuals realising their full potential:

- Unlocking the growth potential of business and enterprise;
- Enabling a flexible, skilled workforce;
- Facilitating a low carbon economy;
- Creating the environment for growth.

Next steps: A business case to government

The wider LCR Partnership will deliver a **business case** to government in Autumn 2011 which will set out the tools we require, ie. those freedoms and flexibilities we need from Government departments and the commitment needed from local partners to deliver our ambitions.

A full version of The Plan can be found on the [Leeds City Region website](#).












Leeds City Region LEP - Economic & Business Intelligence Update







October 2011








This is a summary of the Leeds City Region Economic & Business Intelligence Update presented to the LEP Board on 20 October 2011. A more detailed version is also available from the City Region website.

The Board's assessment of current and future conditions under each heading below are represented using one of the following symbols:

				
Improving	Signs of improvement	Mixed outlook	Little sign of improvement	Deteriorating

The Global Context		
<i>Growth in the major economies has stagnated, with prospects little better for the rest of 2011</i>		
USA	Annual economic growth is now at 1%. Job creation remains insufficient to make a dent in unemployment	
Europe	The Eurozone debt crisis remains unresolved, with serious consequences for economic performance. EU growth was just 0.2% in the 2 nd quarter of 2011	
Other markets	Chinese growth has eased, while Japan was very badly hit by the disaster in March. Commodity prices seem to have peaked, but world trade stagnated in the 2 nd quarter of 2011	
Forecasts/prospects	IMF and OECD are extremely concerned about the slowdown in current growth and the growing risks of another crisis in the advanced economies	
Implications for Leeds City Region – the slowdown in world growth and the heightened uncertainty over future prospects make export growth harder to achieve.		

The UK Economy		
<i>The UK economy did not grow at all in the 12 months to June 2011, and prospects for the near term appear to be little improved</i>		
GDP	The UK economy grew by just 0.1% in Q2 2011, with no net growth at all over the last 4 quarters	
Retail sales	Sales in August 2011 were unchanged from August 2010	
Business confidence & activity	Private sector activity in manufacturing and services recovered in September from the 2-year low in August that followed the English riots, according to PMI surveys	
Labour market	Employment is now lower than a year ago, and unemployment is at a 17-year high of 2.6m. The increase of 40,000 in private sector jobs from March to June was offset by the loss of almost 100,000 public sector posts	
Other indicators	Consumer price inflation hit 4.5% in August 2011. Average earnings increased by 2.8% in the year to July, leaving most households less well off	
Forecasts/prospects	Independent forecasters are reducing their growth forecasts – they now expect UK economic growth for 2011 to be 1.2%, with 1.8% predicted for 2012	
Implications for Leeds City Region: the lack of UK growth means that if London and the South East have continued to expand, other parts of the UK such as LCR could well be experiencing further economic decline.		

Leeds City Region		
<p><i>The City Region's overall performance levels remain somewhat below average, though export growth may be faster than other parts of the country</i></p>		
Employment	The LCR employment rate is below the UK average, and has dropped at a faster rate since the start of the recession. Similarly, local unemployment is above average and has increased at a faster rate. For young people (16-24), employment levels are lower and unemployment higher than for the rest of the population – but the position in LCR is similar to the national average	
Skills	Fewer LCR residents have degree level qualifications than the national average, while marginally more have no qualifications at all. The gaps against the UK figures have not narrowed since 2008	
Output	LCR GVA grew 14% between 2001-2011 (according to the REM), just ahead of the UK expansion of 13%. Productivity is 90% of the UK average	
Exports	Exports of goods – excluding all services – in Yorkshire & Humber fell faster than the UK average in 2009, but have since recovered more quickly. The total is up 20% in the 1 st half of 2011 over 2010, against UK growth of 14% (NB. no data available for LCR). LCR Business Survey suggests fewer firms sell overseas than the UK average	
Investment	No data available at present	
Business	The total of newly-registered business bank accounts in the City Region in the first 8 months of 2011 was 5% above the total for the same period in 2010. However, this is slower than the corresponding GB increase of 7%	
Consumers	Land Registry data for August 2011 suggest a faster drop in prices locally than in England & Wales as a whole, with London the only region enjoying an annual increase. The volume of house sales was also down in most parts of LCR	
Forecasts/prospects	Looking forward to 2015, Yorkshire Forward's Regional Econometric Model predicts that output will grow in all parts of the economy apart from the public sector – however, employment (except in private services) will still be below pre-recession levels by that date	
<p>Implications for Leeds City Region: <i>the slowdown in UK growth means that the City Region economy will expand more slowly than had been expected in 2011 and 2012. City Region companies will certainly need to work hard to win new business in this difficult climate.</i></p>		

Leeds City Region – Business Intelligence Update	
Company news	<p>Haywood & Padgett, the Barnsley scone manufacturer, has secured a £1m contract in Australia, with the expectation of further export orders to follow</p> <p>Advanced Supply Chain, the Bradford logistics and distribution company, has entered into a partnership with one of the biggest logistics companies in China</p> <p>Leeds-based project management and technical consultancy firm WYG has secured an £11m contract to provide training to Polish firms</p>
Mergers & acquisitions	<p>There were 13 completed deals across LCR between 10 September and 12 October:</p> <ul style="list-style-type: none"> • 11 involved acquisition, 6 of which involved both target and acquiring firms being located within the City Region • 2 were focused on investments

Share prices	<p>There are 48 LCR-based companies for which we have share price information:</p> <ul style="list-style-type: none"> • prices generally tracked the volatile changes in the FTSE Index during the month to 7 October • in particular, losses of 9% in the week ending 23 September offset gains in the weeks before and after that date
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This bulletin, together with a more detailed paper, is available to download from the Leeds City Region website, www.leedscityregion.gov.uk.

If you wish to register for the bulletin to be e-mailed to you direct, please use the following [link](#).

Further data sources in the Leeds Economy Handbook:

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| Leeds Economy | Business formation |
| Leeds Labour Market | Historical employment change
Employment forecasts
Unemployment rates |
| Sectors | Sector employment |