

STRATEGIC ECONOMIC PLAN 2014

EXECUTIVE
SUMMARY

MARCH 2014



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AS A RESULT OF THIS PLAN, WE WILL DELIVER BY 2021:



£5.2BN IN **ADDITIONAL**
ECONOMIC OUTPUT



62,000 **EXTRA** JOBS

£675
MILLION

IN BENEFITS SAVINGS
TO THE EXCHEQUER



FOR EVERY £1 INVESTED BY
THE TAXPAYER, THE CITY
REGION'S – AND THE NATION'S –
ECONOMIC OUTPUT WILL
GROW BY NEARLY £10



AND THE CITY REGION WILL
BE A **NET CONTRIBUTOR**
TO THE PUBLIC PURSE

**IN 2014, GROWTH IS
BACK ON THE AGENDA.**

THIS IS OUR PLAN:

**TO UNLOCK THE LEEDS
CITY REGION'S POTENTIAL,
BECOME THE GROWTH
ENGINE FOR THE NORTH,
AND REBALANCE THE NATION.**

**WE ARE READY TO SEIZE
THIS OPPORTUNITY.**

 **#TIME4GROWTH**



Roger Marsh (L) at award-winning textiles exporter, Camira Fabrics in Huddersfield

UNLOCKING POTENTIAL, ACCELERATING GROWTH

ROGER MARSH CHAIR, LEEDS CITY REGION ENTERPRISE PARTNERSHIP

Nowhere is better placed than Leeds City Region to rebalance the UK economy and deliver sustained future growth.

Our Plan is clear: to unlock the City Region's immense potential, becoming the growth engine for the North – and the nation.

With more affordable housing and better connectivity through HS2, integrated local transport and high-speed broadband for all, we will attract the next generation of jobs to inspire prosperity and ensure growth is felt across the City Region. We will develop talent that is the envy of the world, through our outstanding academic institutions and employer-led investment in skills.

We will address community challenges at home by becoming a NEET-free City Region, and globally by developing affordable healthcare technology for an ageing population while fostering innovation in energy generation. And we will engineer an ecosystem of fast-growing manufacturing firms, who will redefine the traditional industries we pioneered through the Industrial Revolution to become world-leading makers and doers of the 21st Century.

The LEP already has significant achievements to its name, so government knows we can deliver. As a relevant, essential and enabling partner to business growth in the region, we've given a vital cash injection to over 200 SMEs, helping them realise their growth ambitions while creating 2,000 new jobs. We've created job opportunities and new life chances for over 1,000 young people and we're putting the building blocks in place to ensure this Plan succeeds by capitalising on our powerful partnership capacity and investing our own resources in schemes that will deliver big rewards.

In 2014 growth is back on the agenda – growth for the nation, and growth for Leeds City Region. Our unemployment is down and more NEETs are moving into employment, education and training. We were the only northern region to show export growth in 2013, our investment pipeline now exceeds £2.5bn, and business confidence is at its highest level for more than a decade. But we need to go further and faster to ensure growth reaches all parts of the City Region.

With government more committed than ever to ensuring all parts of the country benefit from this return to prosperity, we are ready to seize this game-changing opportunity for the North and become a net contributor to the national economy. All that remains is for government to support our Plan – because we are ready.

WHY INVEST IN LEEDS CITY REGION?

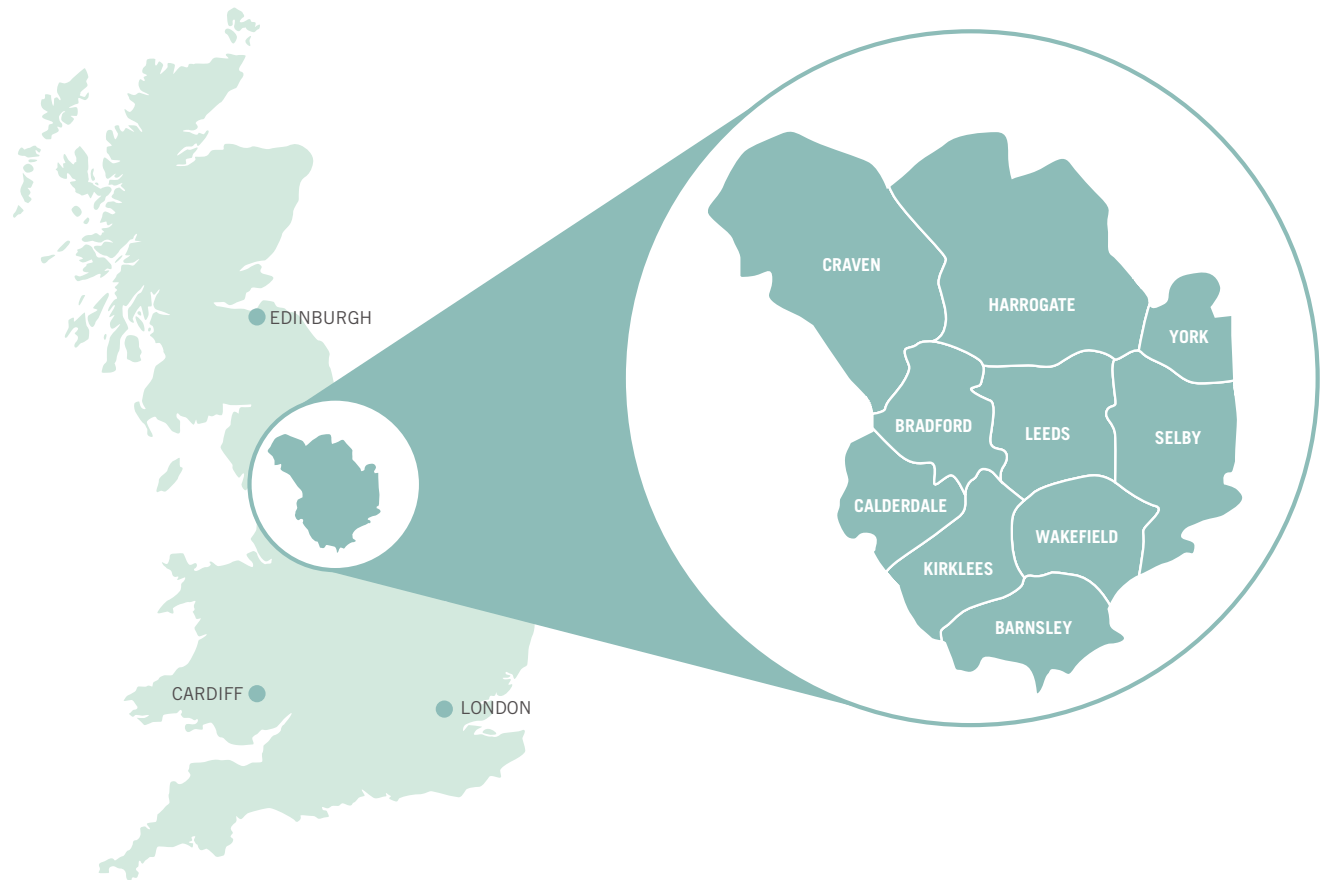


WHY INVEST IN LEEDS CITY REGION?

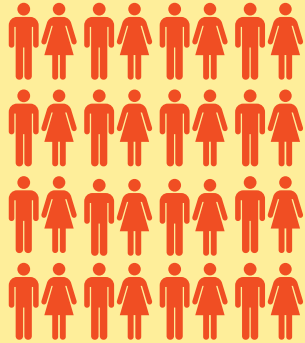
- **Our scale:** we're not just the largest of all core UK city regions in both output and population – we're bigger in economic terms than nine EU countries. Few areas have the scale to make the real difference to national competitiveness that we do.
- **Our businesses:** 106,000 businesses are located here, from multi-nationals to dynamic SMEs that have defied the downturn and are now gearing up for faster growth. As a City Region of makers and doers – with our roots in the Industrial Revolution and more people employed today in manufacturing than anywhere else – we're in pole position to lead the UK's re-industrialisation.
- **Our people:** with the largest workforce in northern England, and a working age population set to grow faster than the national rate, we can close our productivity gap and become the nerve centre for the North's knowledge economy by creating more, better quality jobs.
- **Our location:** we're at the centre of the country, on the main national road and rail networks and within an hour's drive of 7 million people. Investment here would reverberate across the whole North of England, developing an economic powerhouse to rebalance the nation.
- **Our readiness:** Our partnership capacity is fired by a decade of economic intelligence-gathering and collaborative working across the public, private and third sectors, and by our willingness to invest local resources into the projects that will deliver big rewards. With our Combined Authority in place from 1 April 2014, we are ready to seize this opportunity.

“OUR PEOPLE ARE OUR STRENGTH: FROM BUSINESS AND INDUSTRY TO THE ARTS AND SPORT, CREATIVITY, ENTERPRISE AND INNOVATION IS IN OUR DNA.”

LEEDS CITY REGION: HEART OF THE NATION



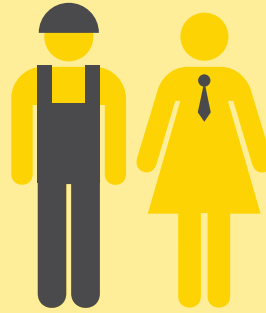
DEMOGRAPHICS AND WORKFORCE



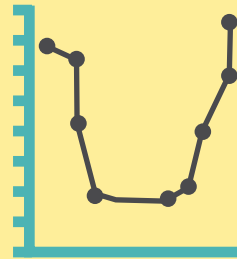
Population of 3 million

1.9 MILLION

Working age population growing faster than the national average

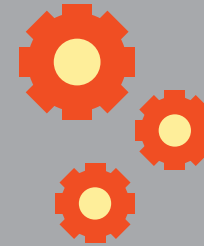


1.4 million employees

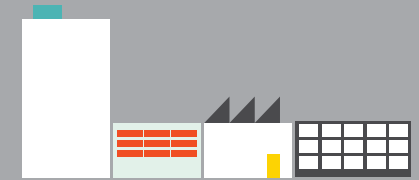


Employment fully recovered to better than pre-recession levels

BUSINESS



139,000 manufacturing jobs, more than anywhere else in the country



106,000 businesses



Largest UK financial centre outside London

SKILLS AND EDUCATION



8 Higher education institutions and 14 further education colleges



36% of research is world-class - 10% world-leading

ECONOMY

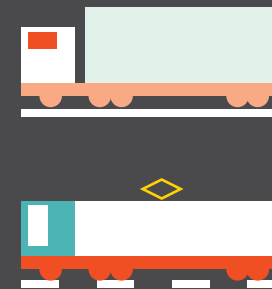


Largest city region economy outside London

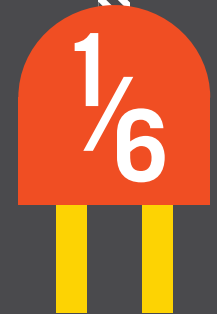
£55 BILLION

Economic output - 5% of England's total

CONNECTIVITY



Well-located at the centre of the UK strategic road and rail network – within an hour's drive of 7 million people



At the heart of the nation's electricity network, generating 1/6 of UK power

OUR KEY GROWTH SECTORS: DRIVING INNOVATION AT HOME AND ABROAD

The factories that once billowed smoke across our skylines are now home to a new generation of entrepreneurs and wealth creators, whose enterprising zeal is driving the City Region forward – at home and internationally. As a key workshop of the world, we are exporting innovation and developing responses to global challenges and opportunities.

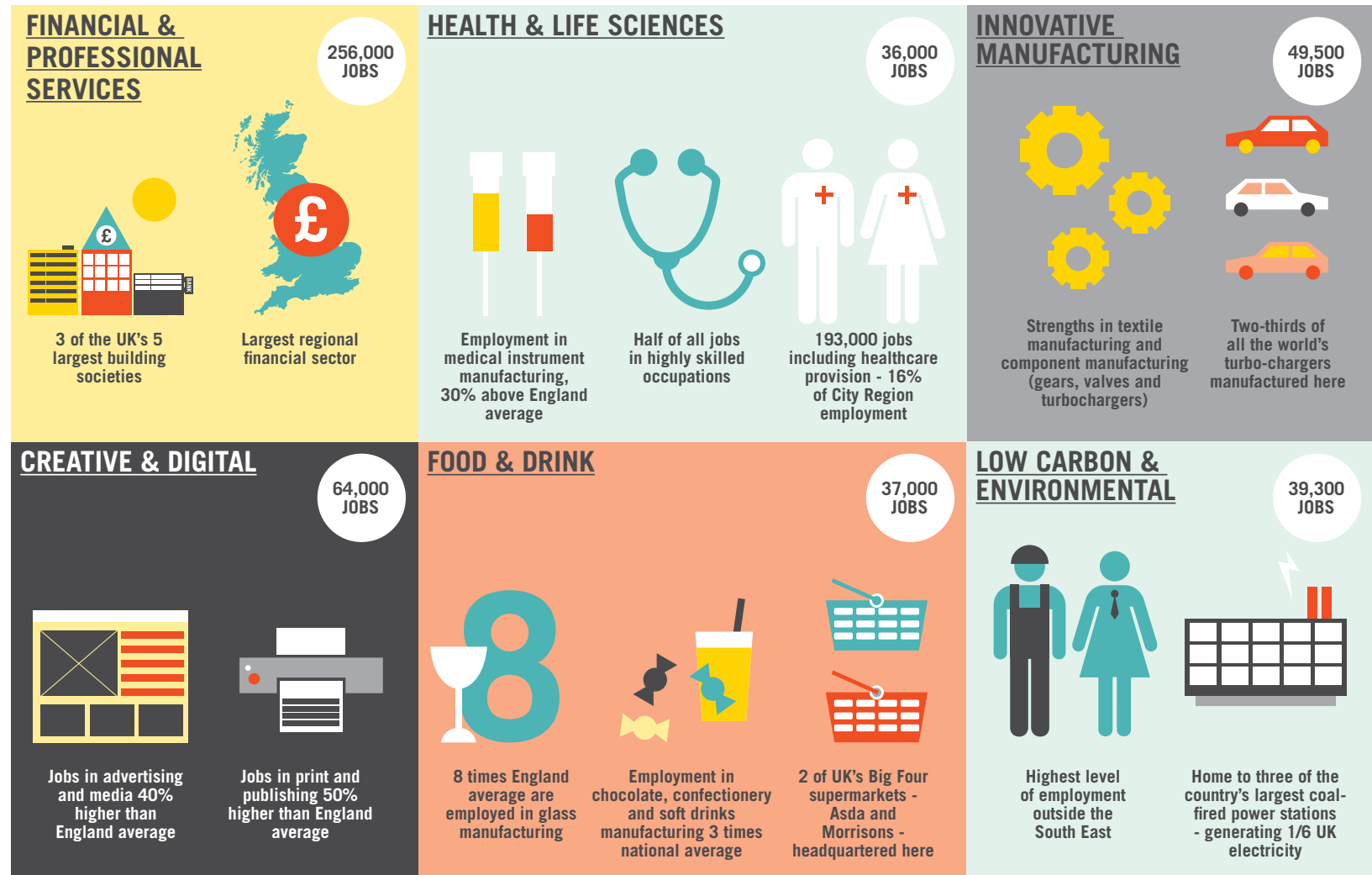
We are offering healthcare to a population that is living longer through our medical and surgical technological breakthroughs, and innovative approaches to telehealth.

The fossil-fuelled power stations that have kept the UK's lights on since the 19th Century are evolving into new centres of innovation to lead the country's renewable energy revolution, with expertise in carbon capture, bio-renewables and decentralised energy generation.

And if it weren't for the components engineered in Leeds City Region – including two-thirds of the world's turbo-chargers – the world would literally grind to a halt. Meanwhile, digital technology pioneered here is helping to transform the way we live, work, play and respond to global issues.

There are six industry sectors where we have distinctive and world-leading capabilities, and where there are real opportunities for rapid, sustained growth:

OUR KEY INDUSTRY SECTORS



OUR VISION AND PRIORITIES



OUR VISION

To unlock the potential of the City Region, developing an economic powerhouse that will create jobs and prosperity.

OUR HEADLINE TARGETS BY 2021

- £5.2bn additional economic output beyond current projections
- 62,000 extra jobs
- £675m in benefits savings
- Making the City Region a net contributor to the national economy

OUR STRATEGIC PILLARS

Our Plan is founded on four strategic pillars, which respond to our key economic challenges and opportunities:

- 1 Supporting growing businesses
- 2 Developing a skilled and flexible workforce
- 3 Building a resource smart City Region
- 4 Delivering the infrastructure for growth

A PARTNER GOVERNMENT CAN RELY ON

OUR ACHIEVEMENTS SO FAR

We have already achieved a great deal in partnership with government – through our 2012 City Deal and other devolved control. We have delivered substantial return on investment and in many cases achieved better outcomes locally than have been achieved nationally.

For example, we have:

- helped over 200 SMEs realise their growth ambitions through our £25m RGF-funded **Business Growth Programme**. We've invested £15m to date, creating around 2,000 jobs for an average cost-per-job of £8,000.
- enabled around 300 SMEs to take the first steps towards trading internationally through our **We are International export campaign** – delivered, as a result of our City Deal, in partnership with UKTI and local partners.
- taken significant steps towards our City Deal pledge of becoming a **NEET-free City Region**, with 69% of participants in our Devolved Youth Contract having moved from 'NEET to EET'.

- secured the support of 300 Leeds City Region companies for our **five three one skills campaign**, generating an estimated £7m return for the City Region economy.
- exceeded SME engagement targets for the first year of our £4.6m **Apprenticeship Hubs Programme**, with 500 companies that hadn't previously employed an apprentice now offering vacancies.
- delivered £3m of **Green Deal pilots** in Bradford, Calderdale, Kirklees, Leeds, Wakefield and York. In Leeds alone the Green Deal pilot has resulted in 1,000 main insulation measures being installed, turning a £1m DECC grant into £5m-£6m of installed measures – well above target outputs.
- unlocked £103m private sector investment and generated £147m GVA through **Growing Places Fund** loans totalling £17.5m. The first loans are already being repaid, providing a sustainable revenue stream to invest in other City Region priorities through our £400m Investment Fund.





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ECONOMIC OUTPUT



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£675
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AND THE CITY REGION
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WHAT THIS PLAN WILL DELIVER

This Plan is our roadmap to unleashing the potential of this powerful City Region.

On current forecasts, we are already on course to add £7bn and 50,000 jobs to the Leeds City Region economy by 2021.

With the tools and resources to fully implement our Plan, we will create an additional £5.2bn in economic output and 62,000 extra jobs by 2021.

So by 2021, the City Region economy will be almost a quarter bigger, and we will have almost 10% more jobs.

The City Region's accelerated growth will save the nation a total of £675m in benefits, and we will be a net contributor to the Exchequer.

HOW WE WILL DO IT

A city region as large and diverse as ours does not become an economic powerhouse through isolated initiatives and one-off investments. It requires coordinated action to capitalise on opportunities for growth and ensure we reach our full potential.

This is our Plan to deliver:

- **better connectivity** – our economic potential is clear: our ambition and intention is to connect people to jobs and goods to markets seamlessly. We are determined to seize the transformative opportunity of HS2 and, with parallel investment in the City Region's local transport infrastructure, provide the key to unlocking the full potential of that national investment. By shrinking the distances between the key economic centres in the Leeds, Manchester and Sheffield city regions we can create a single northern economic area of 8 million people and £134bn GVA, able to compete globally for the UK alongside the capital.
- **more and better jobs** – in addition to delivering a NEET-free City Region, we will create more of the good quality jobs that offer real opportunity for prosperity – including 3,000 apprenticeships.
- **more and better housing** – we will double house-building by 2021, creating more affordable housing to increase living standards and disposable income, and reduce our benefit bill yet further.
- **private sector growth** – that is sustainable, above-trend and based on innovation, exports and inward investment.
- **a lean, resource-efficient City Region** – underpinned by a 21st Century energy infrastructure that is already generating one-sixth of the country's electricity.

CONNECT THE NORTH, REBALANCE THE NATION



BETTER CONNECTIVITY: THE LYNCHPIN OF OUR PLAN

Better connectivity in Leeds City Region is the key to unlocking the full potential of the government's HS2 investment – and to bringing the major city regions of the North together into a combined economic engine.

We sit at the heart of this northern economic area. Gaps in connectivity here are the missing links to developing a second UK economic powerhouse to compete for the country globally, alongside London and the South East.

We have a formidable set of economic assets: what we need is a high-performing transport network – alongside a world-class digital infrastructure – to connect people, places and jobs seamlessly and attract new investment.

Although our transport network supports a high volume of passenger and freight movement, it is not keeping up with the pace of growth in our economy and our workforce.

In short, we stand to lose over 20,000 jobs and more than £1bn of annual economic output if we do not invest to create the 21st Century infrastructure our economy requires.

Or, through the West Yorkshire plus Transport Fund and other connectivity improvements proposed in this Plan – alongside Trans-Pennine rail electrification and other key investment programmes already in place – we could bridge those missing links, releasing billions of pounds of additional economic investment and creating thousands of jobs.

Good international connectivity will also support our drive to attract more foreign direct investment and boost companies' export performance. Better links to the airport are the key to realising these ambitions.

This is why better connectivity is the lynchpin of our Plan.

HS2-READY LEP

We are determined to seize the transformative economic opportunity of HS2.

HS2 will directly benefit Leeds City Region to the tune of over £1bn a year in extra economic output and, by shrinking the distances between the big city regions of the North, rebalance the national economy.

This is a once-in-a-generation opportunity, and we will ensure we are HS2-ready:

- **ready** to use our £1.6bn Transport Fund to ensure the other key centres of this large and diverse City Region – an area roughly the same size as the Munich city region – have fast, efficient access to the high-speed network;
- **ready** to regenerate the South Bank of Leeds city centre, and other city and town centres across the City Region, to maximise the government's national investment and attract major new business opportunities;
- **ready** to help local companies win a big slice of the £25bn in contracts that will be let as HS2 is built, and to create a bigger pool of highly-skilled rail and construction workers to meet these demands;
- **ready** to put forward a strong case to site the HS2 College in Leeds City Region. More people are employed in the rail industry and its supply chain here than anywhere else in the North, by companies including Network Rail, East Coast, Northern Rail, WSP, Omnicom Engineering and Siemens. This – combined with assets such as our well-networked group of 14 FE colleges, research strengths at the University of Huddersfield Institute of Railway Research and York University Joint Rail Safety Research Centre, and the future HS2 terminal in Leeds – makes us the logical choice to ensure the success of the new College.

MORE JOBS, BETTER JOBS

The LEP's nationally regarded work on boosting skills and employment received Royal endorsement in March 2014, when the Duke of York launched the Leeds City Region Apprenticeship Challenge – our drive to encourage 1,000 small businesses to offer apprenticeships by March 2015.

The Apprenticeship Challenge is part of our ongoing mission to become a NEET-free City Region and develop the workforce of the future. We have made significant progress already on our City Deal pledges: 69% of our Devolved Youth Contract participants have moved from 'NEET' to 'EET'; 500 SMEs that hadn't previously employed an apprentice are now offering vacancies; and we've added £7m to the City Region economy through our own **five three one** campaign to encourage more businesses to invest in their employees' skills.

Through this Plan we intend to do even more. Our goal is not simply to create an extra 62,000 new jobs; we want to create more of the better quality jobs that offer young people and those on lower incomes the hope of a bright future – and will give our City Region the best chance of closing our £3,300 per head gap in output, while accelerating good growth that benefits all.

We plan to encourage a further 5,000 SMEs to participate in training, unlock £21.5m of skills investment by employers, and create an additional 3,000 apprenticeships above and beyond our existing targets. This in turn will deliver major benefits savings to the Treasury, as well as developing a talented workforce that will attract yet more jobs and investment in the future.



OUR PLAN IN MORE DETAIL



SUPPORTING GROWING BUSINESSES

The opportunity

- UK's largest manufacturing base
- UK's largest regional financial and professional services sector
- Large and resilient SME base of 106,000 companies
- Significant strengths in key industries with huge global growth potential
- 8 higher education institutions with research and innovation strengths in new technologies and strong links with business
- Long history of innovation and global trading on which to build

The challenges

- To build on our improving – yet still below-average – export performance
- To unlock more innovation in our SMEs, improving our below-average performance on R&D spend and patent registrations
- To double our share of inward investment from a comparatively low baseline
- To kick-start business investment projects that have stalled due to a lack of suitable finance
- To enable vibrant private sector growth through a significant increase in start-up rates and the number of high-growth companies in the City Region

OUR LONG-TERM AMBITION

To enable vibrant private sector growth, based on innovation and exports

Key action areas

- Create a Leeds City Region **Business Growth Hub** to get the right help to SMEs with growth ambition
- Continue our highly successful **Business Growth Programme** to unlock commercial lending and create jobs
- Deliver a **start-up programme for SMEs** that have the ambition and capability to grow
- **Accelerate business innovation**, by investing in capital infrastructure to develop 'flagship' innovation assets (similar to national Catapult Centres) and initiatives to fully exploit the City Region's science and technology assets
- Put more of our own resources into **attracting inward investment** and further improving our export performance
- Help SMEs make optimum use of **digital technologies** to improve productivity

PROJECT: GROWTH HUB

We have a large, diverse and resilient SME base that has recovered all of the jobs the City Region lost during the recession. However our start-up rates, business innovation, export performance and company growth all lag the national average, and are out of kilter with our economic size and scale.

The Growth Hub will address this by providing growing SMEs with fast, straightforward access to a tailored package of information, advice, coaching and mentoring services to accelerate their growth.

Evidence shows that businesses that receive targeted support grow faster than those that don't. The key is to get the right products and services to companies at the right time. The Growth Hub will operate both online and via locally based teams to direct firms to the most suitable national or local products. Our model will be cost-effective, generating revenue savings to support the future viability of the Hub.

Over the next five to six years, the Growth Hub will engage with and support 20,000 new and existing SMEs that have the ambition and ability to grow. This will lead to the creation of 50,000 new jobs.

DEVELOPING A FLEXIBLE AND SKILLED WORKFORCE

The opportunity

- Largest workforce in the North of England
- Working age population set to grow faster than the national rate
- 14 further education colleges and 8 higher education institutions, working in close partnership with the LEP
- Student body of 230,000 in those colleges and universities
- Dynamic labour market, with over 500,000 posts that will need to be filled over the next decade
- Opportunity to create a labour market, transport and housing offer that attracts jobs and investment including 'north-shoring' investment from London

The challenges

- To move to a NEET-free City Region and further reduce the high levels of unemployment among the under-25s
- To improve workforce skill levels across Leeds City Region to fit the needs of a modern and growing economy and address low levels of educational attainment in some areas
- To encourage job creation in better-paid occupations to address deprivation in parts of the City Region and increase lower-than-average disposable incomes
- To tackle skill shortages in key occupations such as software development and engineering
- To ensure that training and skills provision addresses the needs of employers in a fast-changing job market

OUR LONG-TERM AMBITION

To create a NEET-free City Region, with more and better jobs, and the skilled and flexible local workforce to sustain them

Key action areas

- Deliver a **skills capital investment programme** to ensure our key sectors and sources of growth are supported by high quality skills and education facilities
- Deliver a pioneering **Skills Hub and Fund** programme to address the skills needs of SMEs in sectors with the greatest opportunities for economic and employment growth
- Create the **next generation of entrepreneurs and wealth creators** through initiatives to promote enterprise, entrepreneurship and innovation among young people
- Expand the City Region **Apprenticeship Hub Programme**, providing a central local point of contact for free, independent and better co-ordinated apprenticeship advice and support for SMEs
- Extend the scope of the new **Youth Contract** 18-24 Head Start model and the proven Devolved Youth Contract, delivering more and better jobs to boost prosperity and reduce deprivation
- **Bring the HS2 Rail College to Leeds City Region.** We would welcome early conversations with government about the opportunity for national centres of provision in advanced engineering and software development to address significant skills shortages in these sectors

PROJECT: SKILLS HUB

The LEP is well-regarded by government as a national leader in improving skills, creating job opportunities for young people, and transforming lives. The Skills Hub and Fund builds on this significant track record.

The £17.5m government funding recently agreed from the Employer Ownership Pilot, will enable us to work with more employers to produce more coherent and demand-led training from skills providers. The Skills Hub will itself be a key part of the co-ordinated and integrated business support system for growing SMEs offered through our Growth Hub.

The Skills Fund will work with SMEs to address some of the difficult and more local skills challenges in key sectors, which cannot be met by mainstream national provision. For example, we are already working collaboratively with employers to design bespoke solutions to particular difficulties we have identified around software coding skills.

Our ambition is to build on the Pilot to create a £30m+ flagship Skills Fund that will deliver:

- 5,000 SMEs participating in training
- £21.5m of investment by employers
- 15,000+ employees with improved skills
- 3,000+ apprenticeships
- 10,000 young people engaged in business-education experiences

BUILDING A RESOURCE SMART CITY REGION

The opportunity

- One sixth of the UK's electricity is generated in Leeds City Region
- UK's largest manufacturing base with significant untapped growth potential
- Energy companies – such as Drax in Selby – driving innovation in sustainable, resource-efficient energy generation
- Greater resource efficiency will raise productivity and reduce energy costs for companies and homes alike, unlocking business growth and increasing disposable incomes

The challenges

- To reduce rising energy costs for businesses as a result of inefficient buildings, infrastructure and business models – (10% of GDP is currently lost to the City Region through energy costs)
- To embed resource efficiency in our manufacturing supply chains and unlock manufacturing growth
- To address limited investment, and investment-ready projects, in decentralised low carbon energy

OUR LONG-TERM AMBITION

To become a lean, resource efficient economy, underpinned by a 21st Century energy infrastructure

Key action areas

- Develop new energy infrastructure – including energy efficiency, energy generation, supply chain and distribution and storage – across Leeds City Region through our **Energy Hub**, which will boost innovation and product development
- Develop **BioVale** as an innovation cluster that will support Yorkshire and Humber's growth as an international hub for the knowledge-based bio-economy
- **Deliver programmes to help SMEs** adopt new environmental technologies and resource smart operations that reduce resource impact on the environment, while improving competitiveness and boosting growth
- Support the Leeds City Region Green Deal and ECO Partnership to deliver **solid wall insulation** across the City Region that will generate long-term demand, giving companies the confidence to invest in training and new employees

PROJECT: ENERGY HUB

With new specialist entrants to the low carbon finance market such as the Green Investment Bank, the time has never been better for the UK's energy sector to flourish. And yet, the potential for commercially viable, revenue-generating projects is still largely untapped within Leeds City Region. The main barrier is the initial risk associated with project development that prevents good schemes from leveraging the finance available to them.

The Leeds City Region Energy Hub will directly address this barrier by investing in feasibility and project design to take projects from concepts to market-ready propositions, and by crowdsourcing funding from private and public finance. Focusing on an initial £330m pipeline of projects, it will operate only in sectors in which commercial funding is not at present readily available. The Hub will also support local authorities to develop ambitious district heating schemes, and bring together smaller projects into the larger propositions that will be attractive to private investors.

DELIVERING THE INFRASTRUCTURE FOR GROWTH

The opportunity

- Reversing decades of under-investment in infrastructure to better connect people, jobs and goods seamlessly
- Improving connectivity to unleash the latent potential of a northern economic powerhouse – creating a single £134bn trans-Pennine economy of 8m people
- Creating more, better quality housing by kick-starting strategic housing developments of City Region significance
- Maximising the investment opportunities of HS2 by regenerating the south side of Leeds city centre and other major centres across the City Region
- Creating a magnet for inward investment by developing the Aire Valley Leeds Enterprise Zone
- Attracting new jobs and investment by making development-ready key schemes that the market would not otherwise develop, and by developing our green infrastructure

The challenges

- To transform overcrowded road and rail connectivity within the City Region
- To build on the Northern Hub and other major national investments to transform our connectivity nationally
- To double the rate of house-building to meet growing demand and provide more affordable homes
- To achieve full coverage of superfast broadband across the City Region
- To unlock commercial investment to regenerate our key urban centres and develop strategic employment sites
- To ensure all parts of the City Region benefit from the arrival of HS2 by master-planning development and regeneration around the high-speed project

OUR LONG-TERM AMBITION

To build a 21st Century physical and digital infrastructure that enables us to reach our growth potential

Key action areas

- Ensure that **transport connectivity** provides the engine for growth by implementing our delivery plan from 2015-16. This includes:
 - **West Yorkshire plus Transport Fund** - 32 prioritised schemes delivered over 10 years to increase employment opportunities and economic growth, creating 20,000 jobs and increasing economic output by £2.4bn each year
 - **DfT legacy schemes** – three ongoing major schemes: New Generation Transport, Leeds Inner Ring Road and Leeds Rail Growth Package for 2015-16 and beyond
 - **Accelerated Growth programmes** – quick-win transport interventions targeted at strategic growth areas and network connectivity enhancements to generate additional GVA and jobs, and prepare the City Region to be HS2-ready
- **Double house-building** particularly in strategic housing and employment growth areas, and deliver new affordable homes
- **Bring forward development sites** that commercial investors will not currently finance through site decontamination, clearance and other upfront infrastructure works
- **Deliver improvements to digital and green infrastructure** to accelerate further growth and investment

PROGRAMME: WEST YORKSHIRE PLUS TRANSPORT FUND

Better transport connectivity is the driving force of this Plan. The West Yorkshire plus Transport Fund is a £1.6bn package of investments over a 10-year period to release billions of pounds of untapped economic growth and create thousands of new jobs.

The Transport Fund schemes will increase business productivity by reducing transport costs, expanding labour catchment areas and widening the number and range of accessible employment opportunities. They will unlock growth in existing employment sites and open up new sites for jobs and housing. The Fund has been carefully targeted to maximise economic impact, and a high proportion of the benefits will be felt by communities that currently have limited access to good job opportunities.

By 2035 the Transport Fund will support:

- 20,000 new jobs
- £2.4bn of extra economic output each year
- 10,000 new homes

Taken as a whole, the package is great value for money, returning £5 of benefits for every £1 invested. And it will be carbon neutral – even though there will be more journeys to work as a result of the extra jobs created, the Fund will encourage greater use of sustainable modes of travel.

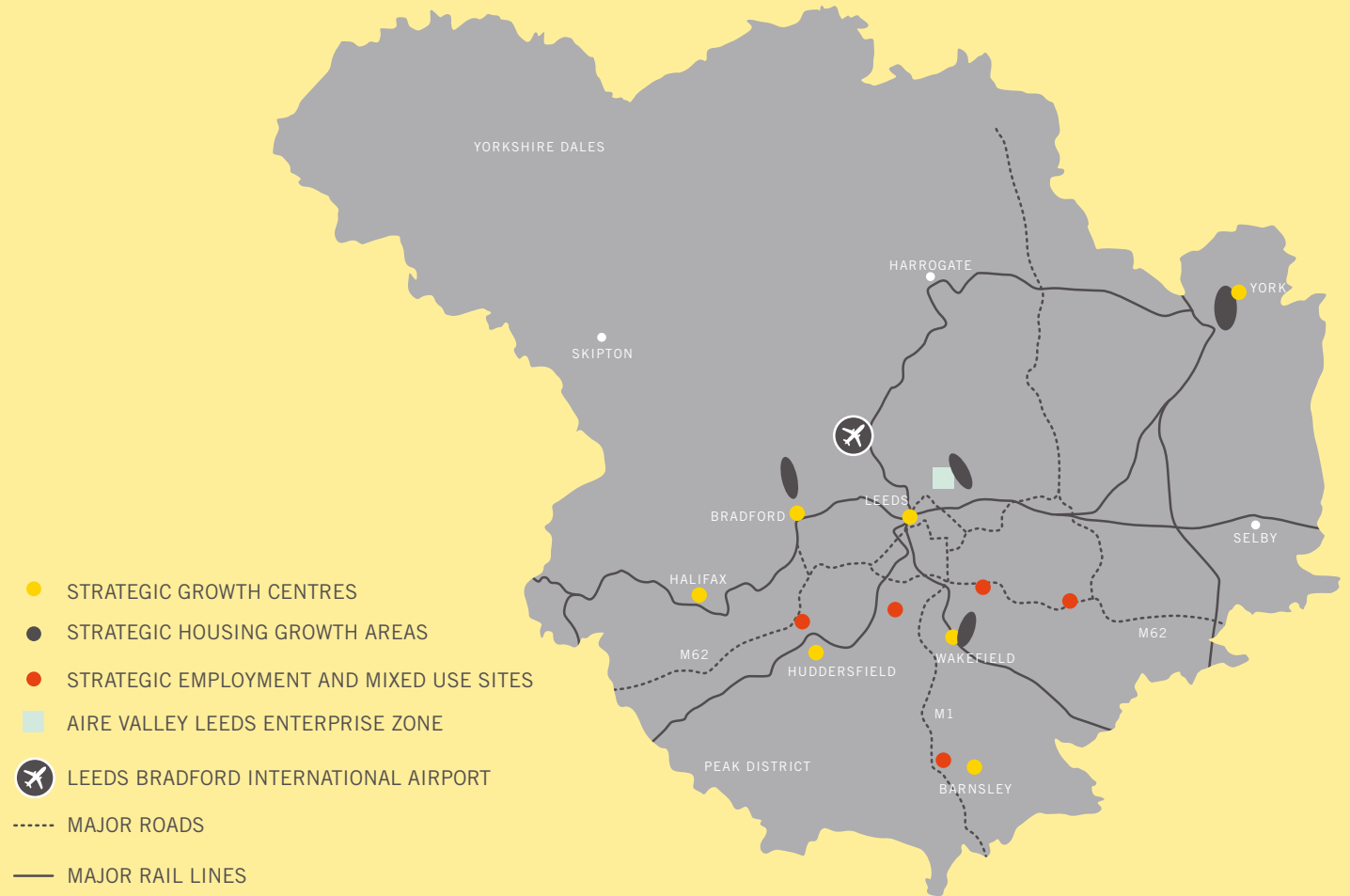
OUR SPATIAL PRIORITIES

Our strengths lie not just in our economic diversity, but in our geographic diversity as well. We are a genuinely polycentric City Region – with a thriving core city at our heart, complemented by other major cities, towns and attractive rural areas that all play their distinctive part in creating prosperity.

We have agreed a set of spatial priority areas to maximise our growth potential and ensure prosperity is felt across the whole City Region. These are areas where either the growth opportunities or the level of market failure are of strategic significance to the whole City Region:

- **Strategic growth centres** – the city and town centres of Barnsley, Bradford, Halifax, Huddersfield, Leeds, Wakefield and York, along with the Aire Valley Leeds Enterprise Zone
- **Strategic housing growth areas** – the four largest proposed housing developments, which are almost development-ready and present significant investment and growth opportunities
- **Strategic employment and mixed-use sites** – five major development area proposals have been identified that will combine easy motorway and public transport access with proximity to towns and labour markets

OUR SPATIAL PRIORITIES



PLAYING OUR PART IN ENSURING SUCCESS

Our Plan is ambitious, but it is also credible. It is rooted in our track record of success as a LEP founded on a decade of effective economic partnership-working.

We have achieved a great deal already. Now we are putting in place the foundations to ensure this Plan succeeds by:

1. Committing our own resources

Our bid for resources from the Local Growth Fund is just one element of a much wider package of financing to support economic development across the City Region – with much of this coming from our own pooled resources.

We have already made significant commitments of money and other resources to deliver the City Deal. We have reached agreement to provide the local resources needed to fulfil our end of the bargain in creating our £1.6bn Transport Fund, and our local authority partners have also agreed to pool business rates, Enterprise Zone receipts, and £20m of their own capital funding to kick-start our £400m Investment Fund.

We are also aligning other funding sources within our control with our Investment Fund priorities, including our Growing Places Fund, European funding, Business Growth Programme funding and our Transport Fund.

2. Creating a self-sustaining fund to enable future investment

We are in discussion with a wide range of other co-investors, including the local pension fund, the main banks, the Homes and Communities Agency (HCA) and the Green Investment Bank to complete our £400m Investment Fund.

A key element of our approach is to offer loan finance wherever possible, as we do already with our Growing Places Fund and Revolving Investment Fund. Our aim is to create a self-sustaining revenue stream for the Leeds City Region, growing over time, to invest in local infrastructure priorities and support growing businesses.

3. Ensuring robust appraisal and governance

Strong governance structures, public accountability and a robust appraisal mechanism will underpin our Investment Fund.

We will use a 'Single Appraisal Framework' to assess all investment projects put forward for consideration by the Fund. This will use a Treasury-approved approach and a single set of criteria to assess the viability and strategic fit of proposed projects. Comprehensive and transparent economic modelling will analyse the relative economic benefits of each project.

On 1 April 2014 we will formally establish the West Yorkshire Combined Authority to provide a robust governance framework for our investments, and democratic accountability to our decision-making. The new body will help us drive growth by making collective decision-making possible between statutory partners in economic development, regeneration and transport.

The decisions of the Combined Authority will be fully in line with the LEP's strategic priorities, supported by structures to ensure this is the case. In particular:

- this Plan will form the basis of the work of both the LEP and the Combined Authority
- the LEP Chair and several council leaders will be members of both the Combined Authority and LEP Boards
- Combined Authority membership will always be cross-party

Through this combined approach we will create our own self-sustaining prosperity and, over the medium to long term, reduce our reliance on national investment, becoming a net contributor to overall UK growth.





OUR ASKS OF GOVERNMENT: FREEDOMS AND FLEXIBILITIES

In return for our commitments to ensuring that our ambitious plans succeed, we need more freedoms and flexibilities from government so that we can play our full part in driving growth across the north and rebalancing the country.

The main freedoms and flexibilities we are seeking through this plan are:

1. To enable delivery of the West Yorkshire plus Transport Fund

The original plans to fund £1.6bn of transport investment over the next decade, agreed under the Leeds City Region City Deal in 2012, have become unworkable as a result of subsequent changes to legislation.

Building on our ongoing discussions with the Cities Minister and Deputy Prime Minister, and based on a detailed proposal submitted to the Chief Secretary to the Treasury on 6 March, we are seeking government's agreement to a payment by results deal, based on us retaining a proportion of the increase in the national tax take we achieve as a result of our local transport investment.

2. To enable delivery of our Investment Fund and Strategic Economic Plan

Working with government, we have made good progress towards establishing the £400m Investment Fund envisaged in our City Deal. But if we are to create a true single pot for investment, a number of essential financial conditions must be put in place:

- **Retention of HCA asset receipts** – retaining the receipts from disposal of the HCA's local economic assets and other HCA 'growth' investments will allow us to recycle and invest them in other City Region development projects.
- **VAT recovery for the Combined Authority** – under current legislation, the new West Yorkshire Combined Authority will not be able to recover VAT on expenditure for the economic development and regeneration functions that it will be empowered to deliver. We ask that this anomaly be addressed to prevent this substantial cost penalty from inhibiting the work of the Combined Authority in delivering growth and jobs.

- **Revenue funding within the Local Growth Fund** – when the Local Growth Fund was announced as part of the 2015-16 Comprehensive Spending Review, government said that around 25% of the Fund would be available as revenue spending.

The Chancellor reversed this announcement in the 2013 Autumn Statement, and there is now zero revenue support available. This situation will make implementing this plan and our EU funding strategy very difficult. We ask government to reconsider the removal of revenue support from the Local Growth Fund if it genuinely wants to promote real growth in Leeds City Region and other LEP areas.

- **LEP involvement in European decision-making** – to ensure that LEPs have formal involvement in implementing European funding strategies, as government envisages, we would ask that government gives us the appropriate level of authority to satisfy the European Commission.
- **Enhanced Capital Allowances** – subject to the announcement on Assisted Area status, we would like to discuss the potential to secure Enhanced Capital Allowances for the Aire Valley Leeds Enterprise Zone.

3. To accelerate City Region growth and prosperity by bringing forward HS2

Current plans for HS2 have long timelines and a very late start date for the eastern leg to Leeds. This development has huge regeneration and growth potential in Leeds and the wider City Region, and we need to unlock this potential now – not in 2027. What's more, a journey time disadvantage with Birmingham and Manchester of several years, which would be the result of current plans, could act as a disincentive to investment, undermining the economic impact of the government's HS2 investment in this City Region.

We agree whole-heartedly with the recommendations of the Higgins report and the HS2 Growth Taskforce that the start date for construction of Phase 2 should be brought forward to the soonest practical date. This would bring forward both the local and national economic benefits of the scheme, ensuring government makes the most of this once-in-a-generation opportunity to truly rebalance the economy by shrinking distances between our major cities. This is part of our HS2 'Five Point Plan' that we recently submitted to HS2 Ltd.

OUR LOCAL GROWTH DEAL: A GOOD DEAL FOR LEEDS CITY REGION, A GREAT DEAL FOR THE NATION

As this document makes clear, our approach is not one of pleading for financial assistance from national government. We will continue to unlock potential through partnership – as we have done for a decade – and invest our own resources to ensure our residents benefit from more jobs and prosperity.

Our detailed Plan sets out 16 programmes for which we are seeking Local Growth Fund support as funding as a last resort; in some cases to match the resources we hope to receive through EU funding, in others to help bring in funds from other sources and ensure that vital development activity gets underway.

Taken together, we are asking for £231m from the Local Growth Fund in 2015-16 and £1.2bn in total by 2020-21.

This ask will lever in over £750m of investment into the City Region in 2015-16, and no less than £5bn over the lifetime of the next Parliament. The total comprises £1.5bn of new private investment, as well as £340m of EU Structural Funds and substantial contributions from our local authority and other partners.

In return we will deliver an extra £5.2bn of economic output beyond the current projections, accelerating the expected growth of 13.5% by 2021 to a figure of 23%.

By implementing this Plan we will also generate an extra 62,000 jobs, more than doubling the expected growth from 4% to 9%.

All this can be achieved at great value for the taxpayer. By 2021, the benefit savings to the Exchequer from the extra people in work will reach £675m. The net public contribution to delivering this Plan will therefore **not** be £1.2bn over the next six years, but just £556m.

Taking into account the additional tax revenues that arise from the extra output and employment generated by this investment, the City Region will be a net contributor to the public purse by 2021.

IF 2013 WAS ABOUT GREEN SHOOTS OF RECOVERY, 2014 IS ABOUT ESTABLISHING THE FIRM ROOTS OF FUTURE PROSPERITY AND LOOKING TOWARDS NEW POSSIBILITIES FOR GROWTH.

THIS IS OUR PLAN TO UNLOCK THAT GROWTH, AND DEVELOP A NORTHERN ECONOMIC POWERHOUSE AT THE HEART OF THE NATION. IT IS A PLAN BASED ON OUR EVIDENCE ABOUT WHAT'S NEEDED AND WHAT WORKS HERE, OUR STRATEGY FOR GROWTH DEVELOPED OVER A DECADE, AND OUR HARD WORK.

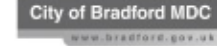
ALL THAT REMAINS NOW IS FOR GOVERNMENT TO SUPPORT OUR PLAN SO THAT WE CAN TAKE GREATER CONTROL OF OUR PROSPERITY AND PLAY OUR FULL PART IN DRIVING LASTING NATIONAL GROWTH.

 #TIMEFORGROWTH

Our SEP has been developed with the support and involvement of over 600 individuals and organisations across the spectrum of the economy, including:



ADDLESHAW GODDARD



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 **#TIME4GROWTH**