

# Strategic Economic Framework

## Our Vision

02 September 2020



# Our Vision

Recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and lives supported by a superb environment and world-class infrastructure.

## Our region

West Yorkshire is one of the best places to live in the country and an essential part of the Northern Powerhouse. Our region is home to over 2.3 million people, a workforce of 1.1 million people and over 90,000 businesses living and working across the local authority areas of Bradford, Calderdale, Kirklees, Leeds and Wakefield. With an economy larger than that of several European countries, a mixture of vibrant towns and cities set amongst some of the most beautiful landscapes in the country and a thriving cultural life, West Yorkshire is a place that many are proud to call home.

The West Yorkshire Combined Authority and Leeds City Region Enterprise Partnership bring together local councils and businesses to work together on issues that cross local authority boundaries and affect us all. This includes leading the fight in tackling climate change, developing a modern transport system and attracting jobs and investment to the region. It allows us to speak with one voice when we work with government to secure greater influence and funding over the issues that matter to us the most.

It also means we can engage meaningfully with people and consider the effects of our actions across the wider area that people live and work in, both urban and rural. The Combined Authority allows us to work together at a level that is “close enough for community dialogue, yet large enough to achieve transformative collaboration.”<sup>1</sup>

Through nearly two decades of collaborative working we have achieved some notable successes. In 2014 we agreed a £1billion-plus Local Growth Deal with the government – the largest such deal in the country. This funding has been used to support businesses and create jobs through supporting investment in over 100 projects, including the restoration of the Bradford Odeon, the Springfield Centre in Dewsbury and Wakefield Civic Quarter. The West Yorkshire-plus Transport Fund is investing in road and rail projects across the region, including a new rail station for Elland, Wakefield Eastern Relief Road and the redevelopment of Bradford Interchange. And in 2019 Channel 4 announced that Leeds would be the new home of their national headquarters following a collective bid between local councils and businesses.

But achieving our successes to date has often come in the face of some real challenges. The global financial crisis of 2008, austerity, Britain’s withdrawal from the European Union, the increasing severity of flooding and the COVID-19 pandemic have required business and the public sector in West Yorkshire to prove our resilience as we continue to plan for the future.

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<sup>1</sup> Paul Collier, “Capitalism after coronavirus” *New Statesman*, 6<sup>th</sup> May 2020

## Building on our successes

We are now embarking on the next stage of transformation in the region. In March 2020 we agreed our first devolution deal with government, granting us greater influence over investment in skills, transport, housing and business support. It will also give us local control over at least £1.8 billion to spend on the things that matter to the people of West Yorkshire. In May 2021 residents will elect the first West Yorkshire Mayor. The Mayor will chair the Combined Authority and become a new figurehead for the region, championing it with Government and the rest of the world. Most importantly the mayor will ensure that the Combined Authority is directly accountable to the people whose decisions it affects the most and will ensure that the priorities of residents are reflected in the decisions we make.

Since 2016 our Strategic Economic Plan (SEP) has set out our priorities for growth and development and underpinned much of our success to date. But as we take on additional responsibilities, respond to the challenges facing our region and incorporate the mayor's manifesto commitments into our work, we need a new strategy that can reflect changing priorities, respond to change and communicate this clearly.

This Strategic Economic Framework (SEF) builds on the SEP, to provide the context for investment and decision making during this next stage of transformation. It sets out our vision for the region and our priorities for achieving this. It ensures that all Combined Authority strategies are aligned with a clear focus on meeting these priorities. It has been designed to be flexible, able to reflect our evolving policy remit and prove our resilience during periods of change and uncertainty. It aims to inspire confidence in the region, demonstrating that we have an ambitious strategy for transformation as we take on a greater role in the decisions that affect us. Ultimately it will allow us to realise our vision for West Yorkshire to be:

*“Recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and lives supported by a superb environment and world-class infrastructure.”*

Our vision is based on a clear understanding of the key strengths and assets in the region, as well as the challenges it faces and a commitment to working in partnership to make full use of these assets, address long-term challenges, unlock opportunity and fulfil the City Region's exceptional potential.

## Strengths

When considering just our strengths, it appears that we are well on our way to realising our vision. Our key strength is our scale and diversity. It is what drove growth and prosperity in the past and will continue to do so in the future. The scale of our business base has created a dynamic and resilient economy. Businesses in West Yorkshire have been at the forefront of exploiting opportunities in textiles, chemicals, machinery and more recently professional services, financial technology, data and health tech.

Our region bounced back relatively strongly from the Great Recession in 2008 and will need to demonstrate the same resilience as we emerge from the Covid-19 pandemic.

Over the past 5 years employment growth has outpaced national levels. This growth has been as dynamic as our economy, with the highest growth happening in a range of high skilled specialist areas such as the manufacturing of wearing apparel and medical components. Our thriving digital sector has experienced extraordinary growth, six times the rate of growth seen in London since 2015. Programming and broadcasting has seen the fastest employment growth and as the new home of Channel 4, this growth is set to continue in the future.

Our early strengths in textiles and manufacturing provided the opportunity for people from all over the world to call our region their home. Economic opportunity and quality of life continue to attract people to our region to this day, not least to our world leading universities. This diversity is something that the people of our region are rightly proud of and our diverse workforce with differing perspectives offers greater scope for innovation.

Alongside the diversity of our businesses and people, the region is made up of diverse places, with a mixture of vibrant cities, towns and rural areas. This enables a high quality of life and has resulted in our region being regularly voted both the 'Happiest' and the 'Best Place to Live' in the UK.

## Challenges

But whilst we can point to these many examples of excellence within the region, the West Yorkshire economy is falling short of its potential. It doesn't work for everybody in the region and it doesn't contribute as much to the rest of the country as it could. In relative terms West Yorkshire and the rest of the North of England have been in economic decline, demonstrated by lower levels of employment, output per worker, qualifications and household income.

Productivity is below national levels in all parts of our area, and the gap to national performance is not closing. Despite improvements there remains a gap between local and national skill levels, particularly for higher level skills. Businesses in the region are characterised by relatively low levels of businesses investment in R&D and innovation activity. Congestion and capacity constraints on our transport network risk obstructing future economic growth. All of this has severely limited improvement in living standards, reflected in the fact that West Yorkshire has some of the highest areas of deprivation in the country.

These weaknesses are all too common across large parts of the North of England and means that in recent decades the UK has been reliant on growth in the Greater South East. The spatial imbalance of the national economy poses severe threats to the country. Socially it fuels discontent, with parts of the country feeling "left behind," and many people feeling that their families and communities are not enjoying the same advantages and quality of life as their peers elsewhere in the country. Fiscally, it means that many parts of the country are net-beneficiaries from the public finances, with too much money spent addressing the symptoms of economic weakness and income growth reliant on welfare as opposed to wages. Economically, it means that many parts of the country are not contributing as fully to the national economy as they could be and are not achieving their full potential. Perversely it means that public investment is greater in stronger regions,

which also attract higher levels of private investment. In short, the unbalanced nature of the UK economy is preventing us from fully realising our vision for West Yorkshire.

The gap between the Greater South East and the rest of the country has been well known for some time. Despite this though, attempts by successive governments to tackle widening spatial inequality have largely failed. Unless significant action is taken these disparities will only grow in the future.

We therefore share the Government's commitment to levelling up the country. There are many areas where we are working with partners within the Northern Powerhouse to achieve this. And whilst we have a strong track record of working in partnership with Government and will continue to do so, we know that the best way to level up West Yorkshire, is for West Yorkshire to lead these efforts itself.

There are five significant challenges preventing us from realising our vision for everybody in the region.

First, a history of lower levels of skills, infrastructure investment and innovation means that productivity has lagged behind much of the UK as well as our European peers. In 2017, the output per hour worked in the region was 13% below UK levels overall and 6% less productive than the UK, excluding London. If our output per hour matched the national average, the West Yorkshire and national economies would be £7.9bn larger. Real terms living standards can only be increased sustainably by increasing productivity. Therefore, boosting productivity is vital to the long term aspirations of West Yorkshire.

Second, not all parts of our region have benefitted from economic growth in the past and there is a risk that they will fall further behind as the country emerges from the Covid-19 pandemic. 22% of residents live in the most deprived neighbourhoods, 24% of local jobs pay less than the Living Wage Foundation's Living Wage Rate and life expectancy in our region is significantly lower than the England average. Enabling inclusive growth is essential not just for West Yorkshire to level up nationally, but to reduce inequalities within.

Third, and with increasing urgency, we need to ensure that growth in the region does not hamper our efforts to tackle the climate emergency. In June 2019 a climate emergency was declared for the region and we are now placing increased emphasis on our commitment to clean growth and our ambition to become a net zero carbon economy by 2038. As demonstrated by the increasing severity of flooding in West Yorkshire, climate change poses a very real threat to the economy and the livelihoods of many in our region.

Fourth, our transport network is under increasing pressure. Our diverse geography presents challenges in balancing transport priorities and funding. Investment has not kept pace with economic and population growth, resulting in congestion on roads and overcrowding on public transport. Private vehicles still make up a significant proportion of journeys in the region, contributing to serious public health and environmental challenges. Efficient transport infrastructure connects our communities, making it easier to get to work, do business and connect with each other.

Finally, further devolution of both investment and decision making is crucial for us to fully realise our vision for West Yorkshire. Despite the advantages we offer, investment falls well short of what we need to achieve our vision for the area and we need to address the historical lack of investment in our region. Greater independence over decision making allows us to better tailor policy to local conditions, coordinate better with our local partners and innovate more in policy making and service delivery to find what works best for us.

## Priorities

Meeting these challenges have become the five priorities that underpin everything that our Strategic Economic Framework aims to achieve:

**Boosting productivity** Helping businesses to grow and invest in the region and their workforce, to drive economic growth, increase innovation and create jobs.

**Enabling inclusive growth** Enabling as many people as possible to contribute to, and benefit from, economic growth in our communities, towns and cities.

**Tackling the climate emergency** Growing our economy while cutting emissions and caring for our environment.

**Delivering 21st century transport** Creating efficient transport infrastructure to connect our communities, making it easier to get to work, do business and connect with each other.

**Securing money and powers** Empowering the region by negotiating a devolution deal and successfully bidding for substantial additional funds.

## West Yorkshire in the decade ahead

As we embark on the next stage of transformation in the region, we will ensure that all of our policies and investment decisions meet at least one of our five priorities. The successful implementation of the Strategic Economic Framework over the course of the next decade will ensure that our vision for West Yorkshire becomes a reality for more and more people.

It will mean that businesses in the region have proven their resilience to the challenges they currently face and are driving economic growth and closing the productivity gap. More and more people will feel the benefit of this economic growth across all parts of our region, and inequalities in income, opportunity and quality of life will be reduced. This growth however will not have come at the expense of our environment as we will have made significant progress in reducing carbon emissions. This will all be supported by a modernised transport network, with more journeys made by public transport, walking and cycling. And West Yorkshire itself will have secured more powers and funding freedoms from government and will be leading this transformation itself.

By the end of the decade West Yorkshire will be increasingly recognised globally as a place with a strong, successful economy where everyone can build great businesses, careers and lives supported by a superb environment and world-class infrastructure.



## Find out more

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All information correct at time of print (September 20)