**LIPF West Yorkshire**

**Details**

**Summary**

Focused investment in West Yorkshire's innovation clusters will fuel economic growth. The West Yorkshire Local Growth Plan sets out the region's strengths and potential for innovation-driven growth. Six Cluster Action Plans[1] have been designed to unlock growth and build resilience. The CAPs are aligned to the UK's Industrial Strategy:

- Business, Financial and Professional Services
- Advanced Manufacturing and Engineering
- Digital and Technologies
- Green Economy
- Health Technologies and Life Sciences
- Creative Industries.

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A quadruple helix board will oversee regional innovation policy and strategy including the LIPF[2]. Membership is made up of representatives from universities, the public sector, industry, and social enterprise sector. The board will be independently chaired and report into the Combined Authority's Economy Committee.

West Yorkshire's track includes our Investment Zone[3], Higher Education Compact,[4] Knowledge Transfer Partnerships, Health Technologies Launchpad, Place-Based Impact Acceleration Account[5] and participation in MIT REAP. MIT REAP has led to key regional programme development. Our Higher Education sector has an extensive track record in delivering, managing and evaluating R&D, innovation, and business support interventions. The Combined Authority's Assurance Framework[6] sets out the arrangements that ensure public money is managed effectively.

**Portfolio Activity**

The proposed areas provide strong growth projections, research excellence, synergy across clusters, and private investment potential. This balances existing investment including the Investment Zone[7] and Creative Places Growth Fund[8]. Targeted activity will accelerate development of priority regional innovation clusters, increase investment and drive growth.

**Business, Professional and Financial Services (fintech)**

We are home to a thriving ecosystem centred round the Northern Square Mile in Leeds, the home of fintech. Recognised by the Government as one of the UK's most globally competitive industries and a driver of productivity, trade, and employment[9], fintech is key to unlocking innovation-driven growth.

These unique assets provide a major opportunity to drive innovation through incubator and scaleup models targeting innovative firms (in encryption, anti-money laundering, cyber security etc), combined with academic expertise, business specialisms and large-scale datasets and supported by proximity to hyperscale datacentre infrastructure.

**Advanced Manufacturing (Advanced Materials)**

To align with regional strengths, leading research, and Government priorities, a Advanced Materials Catapult-like institution with a particular focus on advanced materials for use in growth-driving sectors such as Aerospace, Automotive, Space, Clean Energy, Technical Textiles and Defence will be progressed.

**Cross-Cutting Enabling Activity**

A UK Government-designated global leader in Artificial Intelligence (AI) and Big Data[10], West Yorkshire is home to one of the fastest-growing digital economies in the country underpinned by academic excellence, a strong pipeline of talent and largescale datasets. Activity will accelerate adoption of AI leveraging university excellence, business strength, and high-growth clusters.

Portfolio activity will stimulate an increase in innovation driven enterprises and support collaborative R&D and commercialisation.

[1] Item 10 - Cluster Action Plans.pdf

[2] Item 13 - Driving Innovation.pdf

[3] https://westyorks-ca.gov.uk/all-news-and-blogs/mayor-kickstarts-delivery-of-160-million-investment-zone-with-new-support-for-hundreds-of-healthtech-firms/

[4] Higher Education Compact to strengthen collaboration and drive regional growth - Yorkshire Universities

[5] https://gtr.ukri.org/projects?ref=EP%2FY023889%2F1

[6] AssuranceFramework2025.pdf

[7] https://www.investwestyorkshire.com/why-west-yorkshire/west-yorkshire-health-innovation-and-digital-investment-zone/

[8] https://www.westyorks-ca.gov.uk/all-news-and-blogs/west-yorkshire-receives-25-million-to-bolster-its-world-class-creative-industries/

[9] https://www.gov.uk/government/publications/the-kalifa-review-of-uk-fintech

[10] Data analytics and artificial intelligence applications in West Yorkshire article business.gov.uk international

**Resources and Cost**

Operational expenditure funding will be utilized to support staffing costs for the ongoing development of portfolio activity. This includes staffing activity that has been undertaken since the funding was announced in June.

Development work will be undertaken with partners including businesses, universities, public sector bodies and voluntary and community groups through an LIPF working group and the West Yorkshire Innovation Board.

Specialist expertise will be utilised where required to shape and evaluate projects submissions against a defined set of criteria. This will ensure that proposals are robust, evidence-based and able to deliver impact within the timescale identified for the fund.

Where appropriate, support for venue hire will also be utilised to ensure that partners can be brought together when needed.

**Strategic vision and priority clusters**

**Local Growth Plan**

The West Yorkshire Local Growth Plan[1] sets out an ambitious programme of activity to tackle the region's productivity gap through targeted action to increase investment, boost connectivity, and improve skills. Innovation is a key focus with activity aimed at stimulating the growth of innovation-driven start-ups, spinouts and scale-ups and ensuring the necessary finance and wider support is in place to turbo-charge rapid commercialisation and economic growth.

**Cluster Action Plans**

West Yorkshire's business landscape is a dynamic and integral component of a thriving regional economy. Within this ecosystem, sectors that have significant influence and demonstrate strong potential for scalable growth have been identified.

To catalyse growth, the Combined Authority has collaborated with local and national partners to develop Cluster Action Plans (CAPs). These are strategic instruments designed to address specific opportunities and challenges facing West Yorkshire's economy. The CAPs embrace the principle of place-based innovation, the idea that economic transformation is most effective when rooted in the assets, needs, and identities of local communities.

Each CAP focuses on one of West Yorkshire's high-potential clusters. These clusters are major employers and investment hubs, as well as key drivers of transformation across the wider economy. The CAPs bring together public and private stakeholders to identify barriers to growth and implement coordinated interventions that enhance productivity, resilience, and innovation.

The CAPs serve as a mechanism for translating national sector strategies such as the UK Industrial Strategy[2] into place-based action. They ensure that West Yorkshire is aligned with national priorities and is leading in areas of distinctive regional strength. Through tailored, collaborative interventions, the CAPs demonstrate how local leadership can accelerate national policy goals.

The CAPs align with local strategies including the recently published Leeds Economic Vision and Delivery Plan[3] and emerging Regeneration and Growth Plan in Bradford.

## Cluster Overview

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| Business, Financial and Professional Services | West Yorkshire is a major hub for Business, Financial, and Professional Services, with over 18,000 firms employing 192,000 people and generating £15 billion of GVA - around 20 per cent of the economy. Its £6.8 billion Financial Services sector and £2.1bn Accounting and Legal Services sector are anchored by institutions like the Bank of England, Financial Conduct Authority, and the National Wealth Fund in Leeds. The University of Leeds drives financial innovation through its Centre for Financial Technology and Innovation[5]. The 'Pennines Cluster' between Leeds and Manchester was recognised in the Kalifa Review of UK FinTech (2021)[6] as 'nationally significant' with the highest number of FinTech firms outside London. The potential of this cluster is illustrated by the Northern Square Mile in Leeds.<br><br>There is a major opportunity for an incubator challenge-based model targeting innovative firms (in encryption, anti-money laundering, cyber security etc) combined with academic expertise and large-scale datasets that would otherwise not be accessible, supported by proximity to hyperscale datacentre infrastructure. |

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| Advanced Manufacturing and Engineering | Manufacturing is worth £7.7 billion to the West Yorkshire economy. Home to the largest manufacturing workforce in the North, with 110,000 people across 5,500 manufacturers. The West Yorkshire Manufacturing Task Force found that 14 per cent of high growth businesses in the region are manufacturers, compared to 9 per cent nationally. Yorkshire manufacturing businesses have significant strengths across high value subsectors aligned to regional assets and academic expertise including:<br>• Advanced Materials and Technical Textiles, Food and Drink, Space, Defence and Security, Chemicals and Precision Engineering.<br>• A world leading Space cluster[7], with strengths in Earth observation, radio frequency (RF) and satellite design and manufacturing, upon which connected and mobile devices depend.<br>• Strong Defence and Security supply chain with three key areas of expertise, Radio Frequency and Communications, Advanced Materials (including carbon fibre weaving and protective military fabrics) and Precision Engineering, providing specialist and critical components for diverse defence and security markets.<br>• Home to one of the UK's largest fine and speciality chemicals clusters, with strengths in agrichem, surface coatings, lubricants, and dyes. |

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| Digital and Technologies | West Yorkshire is a UK Government-designated global leader in Artificial Intelligence (AI) and Big Data[8] home to one of the most vibrant and fast-growing digital economies in the country. The region hosts over 5000 digital and technology businesses employing more than 45,000 people, with Leeds standing out as the UK's second-largest hub for high-growth digital firms. A pipeline of talent is produced by the region's universities, with academic excellence in areas including cyber security, immersive technologies and AI.<br><br>Utilising the role that Digital and Tech capabilities play across regional clusters collaborative activity will accelerate the adoption of AI by leveraging the university base, business community, and high-growth clusters. |

**Portfolio Activity**

LIPF programme activity is designed to drive specific cluster opportunities in Fintech and Advanced Manufacturing while ensuring that cross-sector collaboration can be unlocked and supported where there are synergies. The proposed areas of focus for the LIPF in West Yorkshire align to priorities in the Local Growth Plan and associated CAPs, are supported by partners in the public and private sector and underpinned by regional areas of academic excellence and business strength.

Activity in the Creative Industries and Life Sciences and Health Tech including existing activity that has been funded through the Investment Zone and planned for the Creative Place Fund will complement the proposed focus areas for LIPF including cross over synergies such as large-scale datasets. This includes the diffusion of innovation across the wider business base and through interventions to support skills development that cut across cluster activity.

[1] https://www.westyorks-ca.gov.uk/growing-the-economy/economic-strategy/local-growth-plan/west-yorkshire-and-corridors-of-opportunity/

[2] https://www.gov.uk/government/publications/industrial-strategy

[3]Multibillion economic vision for Leeds to drive creation of 100,000 jobs

[4] Item 10 - Cluster Action Plans.pdf

[5] https://business.leeds.ac.uk/research-fintech

[6] https://www.gov.uk/government/publications/the-kalifa-review-of-uk-fintech

[7] https://news.leeds.gov.uk/news/multibillion-economic-vision-for-leeds-to-drive-creation-of-100-000-jobs

[8] Data analytics and artificial intelligence applications in West Yorkshire article business.gov.uk international

**Innovation strength and opportunity**

West Yorkshire's innovation ecosystem is a dynamic, interconnected network of businesses, universities, public sector bodies, and support organizations driving growth across sectors of strength. The innovation ecosystem enables the diffusion of knowledge and skills across all parts of West Yorkshire. It is made up of pan-regional structures, as well as locally enabled groups and bodies coordinated by sector.

In 2017, West Yorkshire was the first place in England to sign a Memorandum of Understanding with Innovate UK. The Innovate UK Local Action Plan built on this commitment. The West Yorkshire Innovation Network was established as part of the region's devolution deal.

West Yorkshire is home to seven Higher Education Institutions hosting around 111,000 students and producing 35,000 graduates each year. This includes a mix of large research-intensive, medium-sized applied, and small specialist institutions across West Yorkshire, with a strong commitment to civic and regional economic growth. Since 2015, West Yorkshire universities and companies have been involved in delivery of 159 Knowledge Transfer Partnerships (KTPs)[2]. The University of Leeds ranks 12th in the UK for spin-out companies and is one of the founding institutions of Northern Gritstone.

A Higher Education Compact jointly agreed between the Mayor of West Yorkshire and Yorkshire Universities sets out actions to support collaboration on shared regional aims. Seven further education colleges and outstanding private providers deliver talent that drives excellence in the region.

Innovation hubs spanning all parts of the region include:

- Nexus (University of Leeds)
- The Knowledge Exchange (Leeds Beckett)
- The 3M Buckley Innovation Centre (University of Huddersfield)
- Elsie Whitely Innovation Centre (Halifax)
- Bradford-Renduchintala Centre for Space AI and Bradford Renduchintala Enterprise Ecosystem
- Production Park (Wakefield).

## Cluster Ecosystem and Assets

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| Financial, Business and Professional Services | The Cluster Action Plan aims to facilitate stronger links between education providers, anchor firms, and business networks, while also embedding FPS services into wider innovation and enterprise pathways.<br><br>The cluster is anchored by institutions including the Bank of England, Financial Conduct Authority, and the National Wealth Fund and is home to two of the UK's five largest building societies, along with major |

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| | banks. FinTech North brings together professionals across the North of England. |
| Advanced Manufacturing | The Manufacturing Advisory Board represents the West Yorkshire manufacturing ecosystem, bringing together key industry bodies, skills providers and business leaders. The Henry Royce Institute and the Bragg Centre for Materials Research lead research in Advanced Materials.<br><br>In Textiles, strong anchor institutions include the Textile Centre of Excellence at Huddersfield, Leeds Institute of Textiles and Colour and the Technical Textiles Research Centre.<br><br>Space Hub Yorkshire has created a place-based narrative for the sector, showcasing unique selling points to a national and international audience.<br><br>The Bradford-Renduchintala Centre for Space AI in Bradford is at the forefront of a paradigm shift towards a low-cost, smart, sustainable exploitation of space. |
| Digital and Technologies | The Region is home to world-class innovation infrastructure, including high-performing hubs such as Nexus, 3MBIC, Department, Platform, and West Village. The region's universities play a central role in this ecosystem. Leeds Digital Festival is the country's largest open tech event.<br><br>The University of Leeds offers advanced training through MScs and PhDs in areas such as robotics, data science, and healthcare AI. The Leeds Institute for Data Analytics, a partner of the Alan Turing Institute, leads research in data-intensive and ethical AI applications. Leeds Beckett University and the University of Bradford also contribute significantly through applied AI courses and workforce upskilling initiatives tailored for small and medium-sized enterprises. The University of Bradford has amongst the highest AI Graduates in the UK.<br><br>Cross cutting innovation opportunities utilising data can be unlocked through regional assets such as the FCA and MHRA.<br><br>Further innovation is spearheaded by facilities such as Production Park's Xplor Centre, Yorkshire's first extended reality hub, and Co-Star Labs in Wakefield, a member of Europe's largest virtual production R&D network. |

### Barriers to Growth

The innovation ecosystem across West Yorkshire has many strengths, however it can be fragmented. Coordinated action is required to increase levels of investment, boost commercialisation and foster a more joined-up and cohesive system.

It is estimated that Gross Expenditure on Research and Development (GERD) as a per centage of GDP is 1.9% in West Yorkshire, below the UK average of 2.8. This is one of the challenges contributing to West Yorkshire's productivity gap[4]. Part of this challenge reflects the region's industrial structure and is compounded by the region's lack of an Original Equipment Manufacturer or key government manufacturing institution.

In West Yorkshire, 14% of high growth businesses are manufacturers, compared to 9% nationally[5]. However, the strong range of innovation assets in West Yorkshire aligned to the Advanced Manufacturing sector lack a major hub such as a high value catapult or a major private sector advanced manufacturing research and innovation campus.

Within the fintech sector, barriers to innovation activity relate to incentives within partnership structures and the need for regulation to keep pace with technological change[6]. The West Yorkshire fintech cluster is uniquely placed to address this challenge targeting innovative firms combined with academic expertise, regulatory bodies and key public sector institutions.

Incentives and support to break down barriers to AI adoption including cost, awareness, and skills have been identified [7] Tackling these barriers across high-growth potential clusters will unlock potential, accelerate development and increase private investment.

The LIPF opportunities identified are aligned to CAPs and the West Yorkshire Local Growth Plan. Dedicated teams are responsible for implementation of the CAPs and oversight of funded activity, this resource and focus on private sector investment will ensure that activity can be sustained beyond the lifetime of the programme.

[2] https://www.ukri.org/publications/innovate-uk-funded-projects-since-2004/

[3] Bradford Renduchintala Enterprise Ecosystem: https://www.bradford.ac.uk/business-community/bree/

[4] https://www.westyorks-ca.gov.uk/resources/local-growth-plan-west-yorkshire-and-corridors-of-opportunity/

[5] West Yorkshire Manufacturing Task Force Final Report

[6] https://westyorkshire.moderngov.co.uk/documents/s42122/Item10Appendix2BFPSClusterActionPlan.docx.pdf

[7] https://static1.squarespace.com/static/6363e5f35ce88928f09e6a5e/t/682c9d101bae5314c838e15c/1747754262853/WPI+Strategy+Microsoft+SME+AI+Adoption.pdf

## Governance and leadership

West Yorkshire has robust governance and leadership processes in place, which have supported development of the innovation ecosystem, and will continue to support LIPF. This includes ensuring that Investment Zone activity is meeting and aligning to regional need.

An Innovation Board built on the quadruple helix model[1] has been established in to provide oversight of innovation activity across West Yorkshire.


The Innovation Board will complement existing governance structures while providing the right expertise to support ambitions to position West Yorkshire as an innovation centre of excellence.

The Board will provide strategic guidance, independent insight, and sectoral expertise to support and accelerate innovation in West Yorkshire, ensuring alignment with regional goals and delivery of the Local Growth Plan. This includes stimulating an uplift in regional R&D, commercialisation and spin-outs, and broader diffusion of innovation across the business base.

The Innovation Board will oversee the Local Innovation Partnership Fund in West Yorkshire providing independent oversight and expertise across innovation activity in the region. The Innovation Board is the decision-making body for LIPF and will act is an advisory capacity within wider innovation activity and report into the West Yorkshire Combined Authority Economy Committee[1] as well as links to Cluster Action Plan governance structures and groups. Board membership cuts across to existing structures including Leeds Innovation Partnership (a local partnership that has collaborated for over five years), the West Yorkshire Investor Forum, and has members aligned to the West Yorkshire Higher Education Compact.

The Board's Draft Terms of Reference sets out the following objectives[2]:

- Elevate innovation in West Yorkshire and ensure alignment and collaboration across the innovation ecosystem including existing delivery mechanisms such as the West Yorkshire Innovation Network and West Yorkshire Business Board.
- Offer strategic steer on activities and interventions to address regional innovation challenges
- Serve as a sounding board for bold ideas and transformative initiatives
- Promote cross-sector collaboration and knowledge exchange between government, academia, industry, and civil society.

The Board will:

- Promote West Yorkshire as a centre of innovation excellence.

- Review and advise on regional innovation strategies and roadmaps.
- Provide a steer on activities / interventions to address regional innovation challenges.
- Act as ambassadors for a culture of experimentation and continuous improvement.

Membership of the Board focuses on innovation expertise and sectoral specialisms. Members come from diverse fields across the quadruple helix model. Membership is made up of representatives from universities, national, local and regional government, industry and social enterprise sector.

Members will follow a code of conduct and act with integrity, independence, and in the public interest. Conflicts of interest will be declared and managed in line with Combined Authority procedures.

[1] https://westyorkshire.moderngov.co.uk/mgCommitteeDetails.aspx?ID=253

[2] Item13Appendix1BoardDraftTermsofReference.docx.pdf

**Operational capability**

The Devolution White Paper confirmed that **West Yorkshire will receive Established Mayoral Strategic Authority status** – the deepest level of devolution available.

As an Established Mayoral Strategic Authority with designated regional responsibility across seven areas of competence including economic development and regeneration, the Combined Authority works closely with and has strategic engagement mechanisms in place with the public sector, industry, higher education and voluntary and community groups. This includes formal governance structures such as the Economy Committee and the Mayor's Business Board as well as networks such as the West Yorkshire Innovation Network.

The Combined Authority Assurance Framework[4] explains how the Combined Authority identify, appraise, and evaluate schemes to achieve value for money.

**Track Record**

The West Yorkshire Combined Authority has a long track record of delivering and monitoring large-scale, multi-partner projects with impact. This includes multi-year programmes such as UK Shared Prosperity Fund, the West Yorkshire Investment Zone[6], and bespoke innovation programmes such as the Mayor's Big Ideas Challenge[7] The region's universities have an extensive and successful track record and have delivered impactful partnerships with industry.

The Combined Authority is the Lead Authority and administrator for UKSPF in West Yorkshire[9]. In West Yorkshire, the UKSPF Programme (2022-25) saw £68.02 million invested over 28 projects across three pillars of investment.

The West Yorkshire Investment Zone is a ten-year £160 million programme. The Investment Zone is delivering initiatives including a regional accelerator, demand-led skills courses and industrial PhDs, a co-investment fund and an inward investment service. These existing assets will support LIPF activity and build on expertise while opening-up new opportunities with cross cluster alignment. The Investment Zone model provides a strong framework to apply lessons on a cluster-based approach including better connection of interventions to ensure greater consistency, cohesion, and alignment in implementation and delivery.

An Innovation Board will provide oversight of LIPF in West Yorkshire. The Board is positioned within existing regional governance structures that will ensure accountability and strategic alignment with regional priorities. 10.

**Portfolio Opportunities**

Targeted opportunities identified for LIPF in West Yorkshire are embedded within key strategic national, regional and local policy and build upon strong existing ecosystems and partnerships.

**Business, Professional and Financial Services (fintech)**

An incubator model targeting innovative digital and FPS firms combined with academic expertise and large-scale datasets will be established in key areas of excellence. Key partners from banking, the tech industry and university are aligned and supporting development of the work.

A challenge-based demonstrator model will be established with corporate partners to match ventures to need. The challenge-led model will ensure that innovation is shaped by real market needs, with structured support for both early validation and later-stage implementation. Activity will identify and support ventures at earlier stages, prepare them for progression, and focus resources on those with the clearest potential for impact. This will build a pipeline of scalable, regionally anchored ventures to attract investment and create high-value jobs.

**Advanced Manufacturing (Advanced Materials)**

The new Catapult-like institution will focus on stimulating industry-led R&D activity aligned to regional academic excellence and ensuring local businesses can access the support and funding available from the wider catapult network. The Catapult-like institution will be a hub and spoke model, with a central base and centres of expertise each leading on an area of targeted interventions across the region to ensure support is more accessible and inclusive.

By delivering a targeted intervention in the Advanced Materials sector, the objective is to galvanise the region's Advanced Manufacturing sector, encouraging small and medium-sized firms to modernise and adopt new technologies, whilst also delivering a future-proofed pipeline of skilled workers. Working closely with DBT, Innovate UK and other key partners will deliver a wider package of interventions will stimulate the growth and recognition of the region's Advanced Materials Cluster.

The institution would be complimentary to the Advanced Manufacturing Research Centre in South Yorkshire and the Centre of Expertise in Advanced Materials and Sustainability in the Northwest. By creating collaborative centres of excellence across the M62 corridor, each with its own area of expertise and knowledge, the impact will be greater and will benefit a broader range of businesses.

**Cross-Cutting and Enabling Cluster Activity**

Utilising the role that Digital and Tech capabilities play across regional clusters collaborative activity will accelerate the adoption of AI by leveraging the university base, business community, and high-growth clusters.

Cluster-aligned activity will support collaborative R&D projects to progress ideas to commercialisation and boost local economic growth. Demand will be stimulated through challenge-based demonstrators across cluster areas of strength.

**Processes**

The Combined Authority and regional partners encompass a multi-disciplinary team focused on policy development, partner engagement and the management of regional funding.

Finance is managed centrally by dedicated finance business partners. Due to the dynamic finance system employed by the Combined Authority, reports are available on a real time basis and can be requested by delivery teams at frequent intervals.

**Risk Management**

Risk Management for portfolio activity will ensure a commitment to managing risk in a way that supports effective decision-making, improves delivery, and protects public resources. This will follow a seven-step risk management process, ensuring risks are consistently identified, assessed, and managed.

Portfolio opportunities draw on past experience and lessons learnt and are based on strong existing partnerships with established expertise and embedded within strategic plans for the region. Targeted outreach will ensure early pipeline development to maximise volume and quality of engaged businesses.

Monitoring and evaluation will be embedded across project activity including an independent evaluation. Monitoring activity will inform strategic decisions on scaling, sustainability, and delivery refinement.

[4] AssuranceFramework2025.pdf

[6] Invest West Yorkshire

[7] https://www.wybusiness-skills.com/business-support/growth-support/innovation-hub/mayors-big-ideas-challenge-for-smes/

[8] https://www.google.com/search?q=west+yorkshire+launch+pad&rlz=1C1GCEA_enGB928GB928&oq=west+yorkshire+launch+pad&gs_lcrp=EgZjaHJvbWUyBggAEEUYOdIBCDQ3NTJqMGo3qAIAsAIA&sourceid=chrome&ie=UTF-8

[9] West Yorkshire Combined Authority

[10] https://westyorkshire.moderngov.co.uk/documents/s42133/Item%2013%20-%20Driving%20Innovation.pdf