

Report of the Director of City Development

Report to Scrutiny Board (Sustainable Economy & Culture)

Date: 17 December 2013

Subject: Leeds Manufacturing Sector

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The manufacturing sector in Leeds employs 29,000, the UK's third largest concentration of manufacturing jobs by local authority area. Manufacturing in Leeds has not had the same profile and level of support nationally compared to other cities. The nature of the sector in Leeds means that it is difficult to focus on any one particular set of products or companies. Manufacturing in Leeds is diverse, covering specialisms such as textiles, print, packaging, food, medical devices, pumps and valves, cooling systems and so on. There is a lack of large "prime" firms that support extensive supply chains. The sector is becoming more advanced with a greater importance for product and process innovation, research and development, high-level design and digital capabilities, more advanced skills, and exports.
2. Input from Scrutiny Board would be welcome on how the Council / Leeds City Region might be able to provide better support the manufacturing sector, including:
 - a. How to match skills and future labour supply to industry needs?
 - b. How to ensure that there is a suitable supply of sites and premises in Leeds to meet future investment and growth requirements?
 - c. How to improve innovation amongst the sector and encourage more joint working between local Universities and industry?
 - d. How to support better export performance and inward investment in manufacturing?

1 Purpose of this report

- 1.1 To provide an overview of current work related to the launch of a new initiative to support the Leeds manufacturing sector.

2 Background information

- 2.1 Research was undertaken in 2012 by Leeds City Region on Advanced Manufacturing.

- 2.2 This work identified that Leeds is one of the largest manufacturing centres in the UK with 30,000 people employed in the sector (the fourth largest sector in Leeds in employment terms). As a sector it generates 11-12% of the economy's output and according to recent forecasts output is set to grow by 17% over the next ten years (Experian Business Strategies, Spring 2012). There are approximately 1,700-1,800 manufacturing firms in the city, 98% are small or medium sized (employing less than 250 employees). The Leeds City Region is the largest manufacturing centre outside London with 135,800 employed in the sector.

- 2.3 The research highlighted the following:

- 43% of Leeds manufacturing firms are defined as being “advanced”. Leeds has higher proportions of its “advanced” manufacturing in pharmaceuticals, medical/dental instruments and supplies and electrical equipment than the national average. Leeds has a higher proportion of HQ functions than the city region average.
- “Advanced” manufacturing firms tend to be larger, have a higher skilled workforce and pay higher wages. They are more likely to export and are more optimistic about their future prospects. They collaborate more with local universities and undertake more Research and Development. They are deemed to be more “resilient” than other manufacturing firms.
- Leeds firms cite the city region as being an advantageous business location due to good transport links, local infrastructure, access to suppliers / markets / skilled workforce.
- There is no industry led local organisation in Leeds or the wider city region which has a specific remit or resources dedicated to representing the interests of the sector. The sector is widely perceived to be “under networked” in comparison to other important sectors in Leeds and is very diverse i.e. there are no dominant sub sectors or individual companies which makes industry engagement difficult for the public sector to sustain.
- The sector needs to respond to a number of major challenges:
 - replacing the skills of an ageing workforce and equipping people entering employment / upskilling existing employees with the right combination of skills;
 - developing new markets, in particular export markets;

- continued innovation in manufacturing processes and product development; and
- access to finance to support capital investment in new premises, plant and machinery.

2.4 The research calls for advanced manufacturing to be prioritised and for the City Region / other partners to consider:

- Forming a city region wide manufacturing alliance to bring manufacturers together to tackle major challenges;
- Building on current support for the sector, in particular around innovation, export support and skills development;
- Maximising the potential benefits of the Aire Valley Leeds Enterprise Zone as a location for manufacturing.

2.5 Partly in response to this work the Manufacturing Advisory Service (the national service who delivers business advice to manufacturing small/medium sized enterprises) approached LCC in late 2012 with a proposal to develop a local manufacturing initiative as an extension of the national MAS offer.

3 Main Issues

3.1 Current Position

Over the last 12 months the following progress has been made on a local Leeds manufacturing Initiative:

- A Business breakfast event was held in July 2013 to formally launch the new manufacturing initiative. This event was organised by Yorkshire Business Insider with the support of LCC, MAS and the Chamber of Commerce and took the form of a “Question Time” style debate on the challenges/opportunities facing the manufacturing sector. A brochure (Leeds Manufacturing – adding value) was produced as a statement of intent by the partnership of its willingness to work together to help local manufacturers. (see attached brochure for more information).
- In September 2013 a Leeds manufacturing forum was established by MAS in partnership with LCC. To date 30 manufacturers have attended this forum which has met on two occasions. A survey has been carried out on Manufacturers priorities. A third meeting of the forum is scheduled for the 21st February 2014 themed around skills and future labour supply.

4 Input sought from Scrutiny Board

4.1 Input from Scrutiny Board would be welcome on how the Council / Leeds City Region might be able to provide better support the manufacturing sector, including:

- a. How to match skills and future labour supply to industry needs?

- b. How to ensure that there is a suitable supply of sites and premises in Leeds to meet future investment and growth requirements?
- c. How to improve innovation amongst the sector and encourage more joint working between local Universities and industry?
- d. How to support better export performance and inward investment in manufacturing?

5 Background documents¹

5.1 Leeds Manufacturing Adding Value Booklet

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.