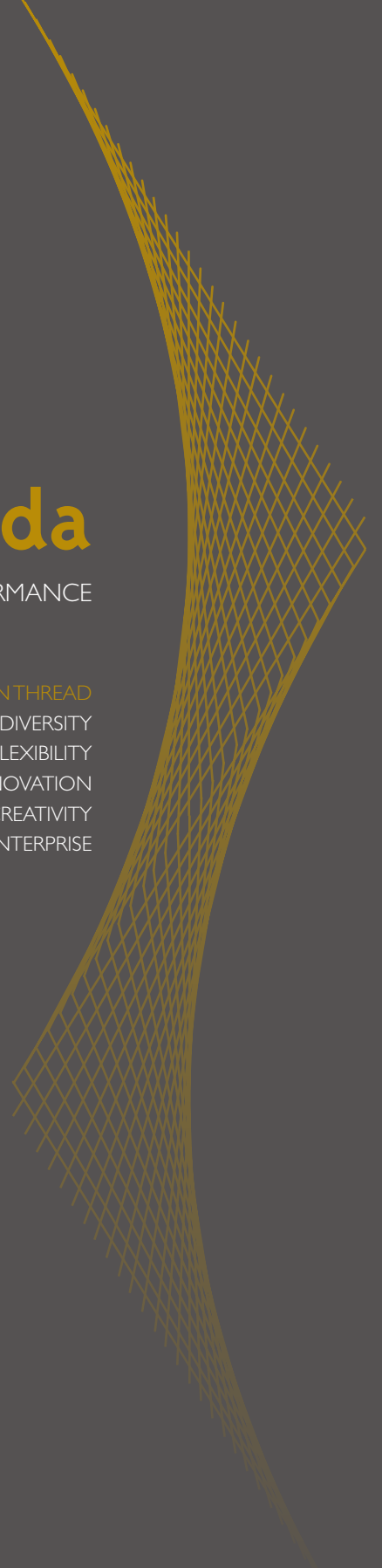


The Agenda

FOR IMPROVED ECONOMIC PERFORMANCE

THE GOLDEN THREAD

DIVERSITY
FLEXIBILITY
INNOVATION
CREATIVITY
ENTERPRISE



Our agenda....

... in changing economic times, is to maintain and improve our assets, develop our strengths, take advantage of new opportunities and tackle areas of under-performance so that we can improve the economic performance of the city.

What we want to be...

An innovation driven city, where diversity, inclusivity, excellence and high quality are the norm.
A sustainable city, resilient and adaptable to change – be it economic, social or environmental.

To achieve this we need...

Leeds to be a **great place** with **skilled people** and **competitive businesses**.

These therefore form the key themes of our agenda. Our economic success depends on competitive businesses, on creating a great place and on skilled people and these three factors are, of course, interdependent. For each of these key themes we have set out action plans to match our ambition and show how we will deliver progress in the future.

Pulling these themes together is the **'golden thread'** of diversity, flexibility, innovation, creativity and enterprise, which is both our USP and our vision. These are the strengths on which our economy depends.

We've got work to do...

- developing and promoting Leeds as a City of Enterprise
- making more of our key assets – innovation, global networks and flagship projects
- improving the employability of residents and connecting the skills agenda with the needs of employers
- creating the kinds of physical environments and connectivity between places to enable the economy to flourish in all areas of the city and the wider city region
- implementing the City Centre Vision and developing the potential of the 'rim' of neighbourhoods and communities surrounding the city centre

Our emphasis is on the competitiveness agenda and improving economic performance. Neighbourhood regeneration, tackling economic and social exclusion is important to the economy of the city and whilst this agenda focuses on economic competitiveness and productivity, it understands and recognises the many important factors that influence our economic development.

This agenda aims to ensure that all partners with a stake in improving the economic performance of the city work to a common set of priorities.

Contents

- 1. Setting the scene – in difficult times...**
- 2. Leeds: a history of diversity, innovation and enterprise**
- 3. Leeds at the beginning of the 21st century**
- 4. Leeds 2020 and beyond: a networked city at the heart of the city-region; the need for transformation**
- 5. How do we get there – the drivers of productivity and of change**
- 6. Our key objectives:**
 - a great place
 - skilled people
 - competitive businesses
- 7. Delivering the agenda – implementation, monitoring and review**

Appendices

- 1) Action plans
- 2) Economic assessment
- 3) Performance measures
- 4) Policy context
- 5) Sustainability appraisal

I. Setting the scene – in difficult times

Leeds is one of the largest cities in the country and the regional capital for Yorkshire and the Humber. We have been an economic success story in recent years, building on an already thriving place to take advantage of economic opportunities and drive the city forward. Between 1996 and 2006, more jobs were created in Leeds than any other city in the country. This has taken place in a period of unprecedented national economic growth and our previous strategies, plans and partnerships have played an important role in the city's success.

The last economic strategy for Leeds was prepared in 1999 and was due for a review. However, as we have become all too painfully aware, the international economic environment has changed dramatically. What looked, initially, like a downturn quickly turned into a national and global economic recession, one of a different kind from those experienced in the previous 50 years. This document is being written at a time of economic turmoil in the UK and across much of the world. Few analysts feel able to judge the severity and the long term impact of the recession on our city: if anything, the recession emphasises that many events are outside our control and the importance of understanding what we can and cannot influence.^{1 2}

Above all, the changed environment and the uncertainties it brings demonstrate that now is not a time for inaction locally. We have therefore taken stock of the Leeds economy, our role in the region and the means at the collective disposal of the public, private and third sectors in Leeds. There are measures to be taken, for the short term and for the long term; in other words, an agenda of things to do.

The term 'agenda', rather than a 'strategy' or a 'five-year plan', is a deliberate choice. It conveys a shared set of concerns and priorities, an agenda that will be worked through by forum of key decision makers representing those organisations which have a stake in the economic well-being of Leeds. That forum is the Leeds Economy and Skills Partnership – an inclusive network of organisations drawn from across the public, private and third sectors.

Our work in developing this *Agenda for Improved Economic Performance* has led us to conclude that our broad approach over the past decades has been the right one. Current circumstances may well mean that our tactics and immediate priorities need to reflect the changed UK and world economy. But for our continued prosperity, and to share the success across communities and between rich and poor, we do need continued economic growth; not growth for growth's sake, but the right sort of growth to enable a better quality of life for all. 'Smart growth' is the fashionable term much used in the United States to describe this kind of growth; in the UK we might say 'sustainable growth'.

¹ Impact of the Recession, EKOSGEN and EDAW:AECOM, Yorkshire Cities 2008

² Index of Economic Resilience, EKOSGEN and EDAW:AECOM, Yorkshire Cities 2009

³ Communities and Local Government Economics Paper 1: A Framework for Intervention 2007

The essential and principle features of our approach have been to foster the conditions in which economic activity can flourish.³ The Leeds way of working is collective leadership and partnership, alert and ready to improvise, learning by doing, weighing up opportunities, guiding rather than directing. The alternative approach – trying to manage and control, predict and provide, pick ‘winning’ sectors or businesses, avoiding risks and never making mistakes – would be self-deluding, especially in today’s volatile economic environment. The size, shape and complexity of the Leeds economy and the nature of the economic linkages with places around us mean that we do not have the systems for precision engineering our economic destiny.

Step back from the news headlines of falling output, rising unemployment, company closures and all the other distressing indicators and we need to recognise that there is still a large and functioning economy here in Leeds. A drop in output of, say, 3% still means that 97% of the economy is still producing; a rise in total claimant unemployment obscures the monthly flows off the claimant count of people who find another job. Leeds has close to half a million jobs in the city but currently unemployment is rising steadily. After 16 years of consecutive growth, recent events have been profoundly shocking, heralding new economic and fiscal arrangements. But a sense of perspective is necessary: Leeds is still open for business.

The focus of this agenda is therefore ‘improved economic performance’ which will result in increased prosperity. This must be sustainable – environmentally and socially, as well as in economic terms. In all that we do, therefore, the impact of our ecological footprint, our focus on ‘narrowing the gap’, building a more cohesive community and valuing our diversity, is crucial.

Our economy must be resilient and able to respond quickly and effectively to the shocks and challenges which will undoubtedly come but which we cannot easily predict. We believe our strength will particularly come through our values of partnership working, diversity and a shared vision. Our vision is set out in the Vision for Leeds as: *“an internationally competitive European city at the heart of a prosperous region where everyone can enjoy a high quality of life.”*

Without a strong and successful economy we can not achieve this vision. We have had many successes and enjoyed considerable achievements over the past 20 years. But much remains to be done and the world is an increasingly competitive place. It is no longer good enough, for example, to have a skilled workforce, good infrastructure and productive businesses. These are attributes that more and more places across the globe share. Successful economies of the future will be about enterprise⁴, innovation^{5 6} and creativity⁷; about networks⁸ of business, people and places and partnership working. We believe this is where Leeds has a competitive advantage.

There is a story to tell about Leeds’ economic history, about our position at the beginning of the 21st century and our future. It is necessary to understand our strengths and weaknesses to ensure we are best placed to face the future.

³ Communities and Local Government Economics Paper 1: A Framework for Intervention 2007

⁴ Enterprise: Unlocking the UK’s Talent, HM Treasury 2008

⁵ Competing in the Global Economy: The Innovation Challenge, DTI Economics Paper No.7 2003

⁶ Innovation in Services, DTI Occasional Paper No.9 2007

⁷ The Rise of the Creative Class, R Florida, Basic Books 2002

⁸ Network Capital: An Expression of Social Capital in the Network Society, M Acevedo, Journal of Community Informatics Vol.3 2007

What follows is an overview of:

- **Where we have come from:** a reminder of our economic history
- **Where we are now:** a description of our economy at the beginning of the 21st century based on our economic assessment and our position at the heart of the Leeds city region.
- **Where we want to be:** our vision for the Leeds economy.
- **How we get there:** the drivers of economic growth, what our objectives are and an action plan to achieve these.

Through this document we want to develop a common message that will be taken and used by all our partners across the city. Based around our three key themes and the 'golden thread' we want our vision for the city to be shared by all the residents, entrepreneurs and investors who combine to make this city a great place to live, work and do business.

For improved economic performance and a resilient economy we need a diverse economy which is a **great place with skilled people and competitive businesses.**

These are the key themes of our agenda. They are bound together by the '**golden thread**' of diversity, flexibility, innovation, creativity and enterprise. It is this 'golden thread' that holds the economy together in its partnerships and networks and has led to a thriving city that has met every economic revolution head on and continued to grow.

Leeds is a city that has adapted to change and prospered. The 'golden thread' should continue to be our guiding light in the future. However there are also two other themes that our agenda must meet: those of **sustainability** and **inclusivity**. These have often been overlooked in the past but must now form a cornerstone of our future economy.

We face major challenges of global competition, resource constraints, climate change and demographic change. We cannot predict the future but we can be prepared by helping to shape an economy that is resilient and flexible and that can adapt to the changing needs of business and people.⁷ What you will read in this document is how we intend to do this by strengthening the 'golden thread' and ensuring Leeds continues to be a leading European city.

⁹ Complex Systems Thinking and New Urbanism, T Irene Sanders in New Urbanism and Beyond: Contemporary and Future Trends in Urban Design, Tigram Haas(ed) Rizzoli 2008

2. Leeds: a history of diversity, innovation, and enterprise

Throughout its economic history Leeds has been a city of diversity, innovation, creativity and enterprise. It has been able to adapt to new economic challenges, whether these have been global, national or local. And, despite times of adversity, it has continued to thrive.

Since the city's Charter was granted in 1207, adaptation and innovation have provided the means by which the city could prosper and expand to lead the region. Much of this was driven by its success in both the clustering and diversification of trades throughout the city.

Arguably the greatest transformation in the city's economic fortunes came as a result of the Industrial Revolution when the city expanded rapidly. Leeds had a population of just 30,000 at the beginning of the 19th century; by 1840 its population had reached more than 150,000. The city's growth was made possible by a series of major transport improvements: in 1704 the Aire became navigable to Leeds; the Leeds Liverpool canal, started in 1770, was finished in 1816; by 1848 Leeds had railways along all major routes.

Accounts from this time show a city convinced of its talents as a centre for enterprise and merchant venturing. Whilst Leeds owed much of its prosperity to the textile industry it was never exclusively a woollen town. By the early 1800s, Leeds was home to a wide range of manufacturing and engineering industries encouraged to locate in the city by good transport links and the supply of cheap coal from nearby collieries. At its peak in 1911, there were 102 collieries and 5,000 miners in Leeds, mainly centred around Middleton and Micklefield.

The early 1800s saw the real beginnings of leather working in Meanwood Valley and Kirkstall with eight leather fairs taking place each year. With improved access, small local tanneries declined in favour of larger all-stage processing works and Leeds became the most important centre for leather working outside London.

It was in fact the diversity of the Leeds manufacturing base that ensured that the city was protected from the worst of the later economic downturns that so heavily damaged many other towns in the UK, which had founded their wealth on a single industry. Alongside the city's industries, financial and legal practices flourished. The opening of an office of the Bank of England in Leeds in 1827 was further recognition of the city's economic importance and an endorsement of its position as the financial capital of the North.

As the numbers of banks grew, they moved from the Kirkgate area towards the current financial district, congregating in Park Row. In 1806 the Leeds Guide described Albion Street as: *“new and well built ... perhaps the pleasantest in the town ... the houses ... are remarkably well built and are chiefly inhabited by professional gentlemen as no retail shops are allowed.”* The area was the centre

of the legal services industry in Leeds before many lawyers moved their practices to Park Square, eventually spawning one of the largest financial and legal sectors outside of London.

Similarly, the service sector has been well served by the strength of retail in Leeds. Kirkgate Market provided the birthplace of Marks & Spencer 100 years ago. Through hard work, creative determination and innovation, the company came to dominate the high street. A key feature of this sector has been the strength of the city centre as the region's main commercial and administrative centre, with a quality of building environment to match this role. The legacy of this investment is still with us today as the city has some of the finest covered Victorian retail arcades in the country.

Leeds officially became a city in 1893. By the turn of the twentieth century, Leeds was being described as the 'city of a thousand trades' and was now the fourth largest city in England, having expanded its geographic reach in all directions from the city centre. It was recognised as having one of the most balanced and diverse economies within England. It was seen as a city keen to capitalise on its achievements with a new town hall, a civic hall, a court house and other public facilities providing powerful symbols of the city's position and prosperity.

The city also had numerous banks, a businessman's exchange, a chamber of commerce, several building societies, solicitors, accountants, insurers and the Leeds Stock Exchange. The town centre became a commercial centre for retailing and offices. Meanwhile, the hospitals established international reputations as major medical centres. Much of the progress made then provides the foundation for the modern city of Leeds.

Keen to be at the forefront in terms of innovation and learning, the city had also become a centre of study and teaching. The Yorkshire College of Science and the Medical School merged to form the University of Leeds in 1904. The then Leeds Corporation, keen to widen education opportunity further to help the city flourish established the Colleges of Technology, Art, Commerce and Education, later to be fused into Leeds Polytechnic. In 1992 this became Leeds Metropolitan University, the city's second major university. The universities are complimented by various further education institutions such as Leeds City College, the College of Art and the College of Building.

Since the end of the second world war and particularly since the fifties, employment in Leeds (as has happened nationally) shifted from manufacturing to service industries. Between 1951 and 1973, 37,000 jobs were lost in manufacturing whilst 32,000 were gained in the business and service sectors. In 1974, local government reorganisation increased the area of Leeds to 211 square miles and the population by 50%.

Throughout the 1980s and 1990s employment in manufacturing continued to decline, although productivity in the sector increased. At the same time employment grew in the service sector, particularly financial and business services, public administration and distribution, keeping overall employment levels in Leeds higher than national averages. Again, it demonstrated the city's ability to be flexible and adaptable throughout challenging economic times.

Leeds has a long history of media innovation, with the first motion picture film being shot in Leeds at Roundhay and on Leeds Bridge by Louis Le Prince. The first colour television studios in Europe arrived on Kirkstall Road in 1968 with Yorkshire Television helping to establish Leeds as the centre of the region's media industry. Like all others, this industry is subject to rapid change and the recent decision to close the studio reflects the constant pressure from global economic change. Notwithstanding the immediate difficulties this presents, the presence of YTV in Leeds, together with companies such as Freeserve, which revolutionised internet provision, has played an important role in the development of the city's burgeoning digital media industry.

In the final decade of the 20th century Leeds emerged as a well-connected, major financial centre, able to attract national and international organisations, with employment increasing in the sector by over two-thirds. At the same time Leeds has continued its long tradition of fostering a diverse economy, with strengths in healthcare, creative industries, leisure and retail. The physical transformation of the city centre, with massive investment in property, leisure and business has supported this growth.

Leeds has always been a city which has encouraged, nurtured and promoted enterprise. Even as the wool trade declined and the mills along the river fell into disuse, new ideas emerged to take their place and ensure that the city reinvented itself and maintained its position in global commerce. With its rich history, diverse economy, creative and enterprising people and cosmopolitan atmosphere, the city has never rested on past glories and has always been conscious of the dangers of becoming complacent.

These factors have enabled Leeds to develop into a city of regional, national and growing international importance. The *Agenda for Improved Economic Performance* aims to ensure the city retains and builds upon this position.

3. Leeds at the beginning of the 21st century

Leeds has built upon the fortunes of its past to become one of the most successful economies in the UK and is recognised as the regional capital of Yorkshire and the Humber. Yet this is not the full story: there are still areas of disadvantage and narrowing the gap between the 'haves' and 'have nots' must be as much a priority as ensuring the economy is successful. Despite recent successes, the economy is still not performing to its full potential compared to many other European cities.

The city's key assets and strengths are:

It's status as the regional capital

Leeds is the largest centre for employment in the region, accounting for a quarter of all jobs created in Yorkshire and the Humber over the last ten years and 42% of job growth within the city region. Long term projections suggest a continued growth in the economy, but the effects of the recession threaten a short term contraction.¹⁰ Leeds is also a major contributor to the Yorkshire and Humber economy, accounting for 20% of the region's Gross Value Added.

As the regional capital, Leeds is the centre for regional government, with the headquarters of regional development agency Yorkshire Forward and Government Office Yorkshire and Humber located in the city. The city is also a major centre for private business and for specialist services. There are 53 companies and public sector organisations based in the city which employ more than 500 people.

Leeds and the surrounding city region is the driving force within the regional economy. The Leeds city region brings together 11 local authorities – Barnsley, Bradford, Calderdale, Craven, Harrogate, Kirklees, Leeds, Selby, Wakefield, York, and North Yorkshire County Council – and is home to nearly two thirds of GVA, population and employment in the Yorkshire and Humber.

With a population close to three million, a resident workforce of 1.5m, over 100,000 businesses and an economy worth £46bn per year, the Leeds city region is also the largest of the eight Northern Way city regions and therefore a critical economic engine of the North. In terms of the national economy, the Leeds city region accounts for 5% of national GVA, making it a significant player in UK plc. Its status as such was recognised by national government when, along with Manchester, the Chancellor granted the Leeds city region 'forerunner' status, giving it greater autonomy and wider ranging powers over housing, regeneration and economic development. The growing recognition of the need to work across the city region is reflected in the merger of Leeds Chamber with York and North Yorkshire Chambers.

¹⁰ Twenty-first Century Leeds: Geographies of a Regional City, R Unsworth and J Stillwell (eds), University of Leeds 2004

The Leeds City Region 'Forerunner'

Chancellor Alistair Darling announced in his April 2009 budget speech that the Leeds City Region had become one of the Government's forerunner city regions.

The Challenge

The country faces a challenge in overcoming the impact of the global credit crisis and the associated economic downturn. The need for innovative solutions has come to the fore. Both at a national and international level, unprecedented action is being taken to restore confidence in the financial markets and the wider economy. However, action is also needed at the local and regional level where businesses operate and communities live their day to day lives.

For that reason, the Leeds City Region Partnership has welcomed forerunner status which will enable the partnership to develop a framework of innovative programmes to address the impact of the recent economic downturn.

The Plan

The Leeds City Region Forerunner Plan comprises a set of four proposals which will change the way local government operates, enabling city region authorities working with partners to accelerate the economic recovery and minimise the impact of the downturn. These proposals include devolved responsibilities and funding in the delivery of:

- housing and regeneration
- innovation support
- higher level skills provision

In addition, the partnership has proposed piloting innovative delivery mechanisms such as Accelerated Development Zones, which have the potential to unlock significant growth in major regeneration areas across the city region. These proposals have been welcomed by our partners, including Yorkshire Forward and the Homes and Communities Agency.

Leadership

The city region partnership will take forward new freedoms and flexibilities granted by central government, enabling it to provide the economic leadership needed to minimise the downturn and accelerate economic growth in the recovery. Through its pilot programme, the partnership will seek to gain:

- greater control over housing funding to enable fast-tracked delivery of key sustainable housing developments across the city region, in particular, the partnership is asking for city region control of funding to facilitate the development of urban eco-settlements proposed in the Aire Valley Leeds and the British Sugar site in York
- control over innovation funding to support businesses and entrepreneurs evolving through the downturn
- greater influence over skills funding to ensure that skills provision meets the needs of city region businesses
- the piloting of new mechanisms for financing infrastructure and regeneration, starting with a pilot of an Accelerated Development Zone in Aire Valley Leeds

A diverse economy

Leeds has one of the most diverse economies in the UK, with strengths in a range of sectors, including financial and business services, creative and digital industries, public services, healthcare, retail and manufacturing. In 2008, the city was the largest centre outside London for financial and business services, printing and construction, and the second largest for manufacturing, wholesale and retail distribution and personal services. Leeds is also the third largest city in the UK for the media industry.

The performance of the financial and business services sector since the early 1990s has been exceptional, with both employment and business stock increasing by 29% since 1998.¹¹ Despite the recession, the fundamentals of the sector in Leeds are considered to be intact. The city is also developing expertise in emerging sectors such as: digital industries; healthcare and medical; environmental goods and services; and the knowledge economy.

Within and across sectors, the business culture of Leeds has been to use networks and to form partnerships where there is a common interest in strengthening overall performance. This can be seen in the success of sector support organisations such as: Leeds Financial Services, Leeds Media and Leeds Property Forum.

Skills and innovation

Leeds is the second largest metropolitan district in England, with a population of 760,000. It acts as an employment magnet with approximately 443,600 people employed in Leeds and significant numbers of these drawn from outside the district. The city is therefore able to draw on relatively high levels of labour force skills and knowledge from within the city itself and from the wider region.

There is also a bank of knowledge, research and innovation in the city's two main universities and teaching hospitals. In terms of higher and further education, there are approximately 66,000 degree students, and Leeds is the second largest provider of further education in England.¹² Leeds NHS Trust is the largest in the UK, with St James's University Hospital being the largest teaching hospital in Europe. Research highlights Leeds as an area with a substantial R&D intensive concentration with a strong focus on medical research, business expertise and collaborative approaches.¹³

A thriving city centre

The city centre has seen a dramatic transformation over the past twenty years. Today, Leeds city centre is a thriving, multi-functional and accessible city centre which acts as place to work, live and relax. Over the past decade it has seen major property investment, totalling around £2.2bn. Schemes have varied, from mixed use to offices, housing and leisure, all of which have changed the landscape of the city centre and edged it closer to becoming an internationally recognised

¹¹ The Future of the Financial Services Industry in the Leeds City Region, Deloitte, Yorkshire Forward and LFSI 2009

¹² Impact of Higher Education Institutions in Yorkshire and the Humber, Yorkshire Universities 2008

¹³ Major Innovation Assets in the North of England, SQW, Northern Way 2008

destination. Uniquely, despite such large scale development, the city centre has successfully retained and adapted its extensive built Victorian and Edwardian heritage.

Critically the city centre is also a key component of the Leeds economy, accounting for nearly a third of the district's employment and attracting increasing numbers of commuters year on year. It is one of the UK's leading retail destinations because of its leading fashion and retail mix, complemented by commercial leisure and cultural facilities which round out a sophisticated offer.

In the current climate, the pace of physical investment by the private sector in the city centre has slowed down. Although some projects have been shelved, others are continuing over lengthened construction programmes and developers remain firmly committed to the flagship Trinity Leeds and Eastgate Quarters retail schemes. The momentum in Leeds is unlikely to be as adversely affected by the correction in property values compared to cities where investment started much later and had less time to get established.¹⁴

Major development and regeneration projects

In order to be successful Leeds must continue to adapt and develop. In recognition of this fact, the city continues to progress long term development and regeneration schemes. These include:

Aire Valley Leeds, one of the most significant areas (1,000 hectares) of new investment and employment opportunity in the Yorkshire and Humber region. The area also offers opportunities for residential and leisure development, linked particularly to the waterfront. Fully developed, the area has the potential to create up to 29,000 jobs.

Holbeck Urban Village, a new business and residential community, focused on creative and digital media. It is anticipated that the urban village will provide a vital link between the city centre and surrounding communities, complementing existing facilities, and providing new facilities where these are missing.

East and South East Leeds regeneration programme, which takes a housing market renewal-led approach to delivering physical, social and economic regeneration.

Leeds Bradford Corridor, where collaboration between the two cities has the potential to combine resources to deliver strategic employment and housing locations over the next ten to 15 years.

Quality of life

One of Leeds' great assets is its quality of life offer. Leeds is not just about its city centre: over two thirds of the Leeds district is open space, public parks, gardens and green belt. There are 28 town

¹⁴The Credit Crunch and Regeneration: Impact and Implications, M Parkinson, CLG 2009

and district centres, providing a wide range of shops, services, community facilities, residential areas of character and employment opportunities. The diversity of these settlements offers a full range of choices to suit different lifestyles and locational preferences.

The cultural, historical, and architectural heritage is well represented by the range of museums, theatres, stately homes and art galleries. The city's major tourist and visitor attractions include: the Royal Armouries, Thackray Museum, Henry Moore Institute, West Yorkshire Playhouse, Grand Theatre (home to Opera North) and Harewood House. A further attraction is the close proximity to four of England's National Parks (the Yorkshire Dales, North Yorkshire Moors, Peak and Lake Districts) and to popular visitor attractions like York, Harrogate and Saltaire.

The visitor economy is increasingly important to the city, with leisure tourism and business tourism supporting 18,938 full time equivalent jobs and worth over £1 billion to the Leeds economy. Tourism also has a key role to play in raising the profile of the city both within the UK and abroad, helping to attract business and investment to the city.

Areas for improvement ...

Despite these assets and sources of strength, there are areas in which Leeds under performs, and addressing these issues is a key concern to delivering the *Agenda for Improved Economic Performance*.

Becoming a competitive European city

In 2006 Leeds appeared for the first time in the prestigious Cushman & Wakefield list of the top 30 European business cities. The most recent survey named the city's office market as number one in Europe in terms of value for money and the city punches well above its weight against a number of other indicators. These include cost and availability of qualified staff, access to markets, quality of telecommunications and transport links with other cities. However, the Cushman & Wakefield report and other studies show that our economic performance still lags behind that of many other European cities. Statistics show that Leeds, like other English core cities, lags behind its European competitors in terms of innovation levels, education levels, connectivity and social cohesion.¹⁵

Skill levels

The city currently has relatively high adult skill levels and GCSE attainment amongst young people is improving. However, there continues to be a hard core of young people classified as 'Not in Employment, Education or Training'. The landscape of training and skills provision is complex to understand and to manage and it faces further institutional change. This is at a time when economic and social imperatives suggest there is greater need for re-skilling than up-skilling. Partnership-based approaches and flexibility to respond to needs will continue to be necessary to try to achieve coherence in this area.

¹⁵ State of the English Cities, M Parkinson (et al), ODPM 2006

Inequality

Although the position has recently improved relative to the rest of England, there is still extensive multiple deprivation in Leeds, much of which is concentrated in the inner city areas.¹⁶ Despite a long period of employment growth, there are still significant numbers of people unemployed and on Incapacity Benefit. Although both unemployment and benefit claimant figures had been on a downward trend since the mid 1990s, in recent years rates have started to increase and, with the current economic downturn, this trend is likely to continue.

There is also recognition that, for some people, employment is unlikely to provide them with adequate income. In 2008, it was estimated that approximately 18% of employed people in Leeds were on low incomes, an indicator of the levels of working poverty that exist in the city.

Improving enterprise levels

In 2007, Leeds had approximately 24,000 enterprises (VAT registered) making it the third largest employment centre in the UK. Despite this, the city's performance in terms of its enterprise stock, business start up and survival rates is below the national and regional averages:

- over the last decade Leeds has seen a business stock growth of 17%, which is below the national (21%) and regional averages (18%), although it is significantly higher than the Core Cities average of 14%
- Leeds has a business birth rate of 51 businesses per 10,000 resident adult population, again lower than the national average (61) and surpassed by seven other key employment centres.
- in terms of business survival rates, Leeds performs above both the national and regional average for businesses surviving after one year but performs significantly below both the national and regional averages for both three and five year survivals

Self employment rates in Leeds at 10.1% in 2008 are also lower than the regional (11.8%) and national (13%) averages. There is also recognition that these issues are exacerbated in the most deprived areas of the city where there are low start up levels, self employment rates and growth in business numbers. This was acknowledged by the government in 2007 when Leeds was awarded £15.6 million to improve enterprise levels in deprived areas through the Local Enterprise Growth Initiative.

Throughout its history, the prosperity and success of Leeds has been founded on its spirit of enterprise and this needs to be reignited if the city is to continue to thrive and prosper in the future. 'Sharing the Success', the four year Leeds LEGI programme, therefore involves investing over £5 million to create a series of enterprise centres in Harehills, Beeston, Seacroft, Middleton and Armley. This is complemented by enterprise awareness and intensive business support

¹⁶ Index of Multiple Deprivation, Communities and Local Government 2007

programmes within surrounding communities, low cost business loans, grants to stimulate business growth and enterprise learning programmes in schools.

Improving transport connectivity

The economic success that Leeds has enjoyed has come at a cost: as the economy grows, the transport infrastructure has come under pressure with ever-increasing numbers of commuters. In the morning and evening peak periods, the main routes to, from and around Leeds city centre are congested, extending the average journey time and making regular journeys unpredictable.

The road network is operating at or close to capacity. Meanwhile, substantial growth in rail commuting has resulted in many services being overcrowded. The challenge is to cater for accessibility, for the economic benefits to Leeds and to the city region, but doing so sustainably. Innovative approaches have been introduced and proposed and greater flexibility is sought to pursue new solutions.¹⁷

A considerable amount of work is being carried out to improve transport connectivity across the district. Metro and Leeds City Council are continuing to develop proposals for a bus based transit system known as New Generation Transport. This will initially involve three routes serving north, south and east Leeds. The potential for other NGT routes in the future is also being considered, including possible routes to Leeds Aire Valley and West Leeds. Other projects include the A65 Quality Bus Initiative, Leeds Bradford airport link road and the Leeds Rail Growth Package. Further work is also being carried out at the city region level through the new Integrated Transport Authority.

Economic statistics

A full economic assessment has been carried out to help shape the thinking and proposals included in the *Agenda for improved economic performance*. Some of the statistics used are included within the main body of the document but the full data is set out in **Appendix 2**. Some of the data predates the recession and has been included to show broader economic trends. However, where necessary and possible, more recent data is also included to illustrate the scale of the recession and its impact on the economy.

¹⁷ Transport Connectivity: Understanding the Linkages, JMP Consulting, Yorkshire Cities 2007

4. Leeds 2020 and beyond: a networked city at the heart of the city region

Leeds has had many successes and considerable achievements over the past 20 years, but much remains to be done. The world is an increasingly competitive place and successful economies in the future will rely more on enterprise, innovation and creativity, nurtured by networks and partnership working (of business, people and places). We believe that Leeds has a distinct competitive advantage in these areas. It is the thread that runs through our drive for improved economic performance, providing the key themes for the agenda.

Without a successful economy it will not be possible to achieve our Vision for Leeds as: *“an internationally competitive European city at the heart of a prosperous region where everyone can enjoy a high quality of life.”*

The Vision for Leeds has three aims:

- going up a league as a city
- narrowing the gap between the most disadvantaged people and communities and the rest of the city
- developing Leeds' role as the regional capital

To help deliver these aims the vision has key eight themes, one of which is 'Enterprise and Economy' and this provides the cornerstone of *Agenda for Improved Economic Performance*. The economy theme states: *“Leeds will be a competitive international city. It will contribute to the national economy and will support and be supported by an increasingly competitive region”*

Within this we will:

- have a varied economy
 - promote knowledge as a way of gaining comparative advantage
 - have an effective communications system connecting people, goods and ideas
 - have a recognised and distinctive European city centre
 - have an international image
 - develop Leeds' role as the regional capital
-

There are other aims that are critical to Leeds' ongoing economic prosperity, including:

- a well-connected transport system
- a healthy, skilled workforce
- cultural facilities of national and international importance

These are set out in the relevant sections of the Vision for Leeds and are taken into account in this agenda but are not duplicated here.

The Leeds Strategic Plan, covering the period 2008-11, is the delivery plan for the Vision for Leeds. It sets out strategic outcomes and key improvement priorities to be delivered against the eight key themes, either by the council on its own or in partnership with others. The outcomes and priorities specified for the Enterprise and Economy theme are:

What we want to see:

- increased entrepreneurship and innovation through effective support to achieve the full potential of people, business and the economy
- increased international competitiveness through marketing and investment in high quality infrastructure and physical assets, particularly in the city centre

What we will do to achieve this:

- increase innovation and entrepreneurial activity across the city
- facilitate the delivery of major developments in the city centre to enhance the economy and support local employment
- increase international communications, marketing and business support activities to promote the city and attract investment

The task of the *Agenda for Improved Economic Performance* is to give substance to the Vision for Leeds and to the outcomes and priorities of the Strategic Plan.

The vision for the Leeds economy

A **great place** with **skilled people** and **competitive businesses**, which is diverse, flexible, innovative, creative and entrepreneurial (**the 'golden thread'**), based on the values of **sustainability** and **inclusivity**; a city that is well placed to adapt to any changes in the local, national and global economies and that we will be able to face new challenges and continue to prosper as a united city. This resilience, already seen throughout our history, will mean that the economy can continue to deal with both short term issues, such as the recession and the long term questions posed by climate change.

5. How do we get there: the drivers of productivity and of change

Economic prosperity has historically been driven by a combination of employment growth and productivity growth. For Leeds to be a successful economy in the future, increasing current levels of productivity will be essential.

The government identifies five drivers of productivity: investment, skills, innovation, entrepreneurship and competition.¹⁸ These provide the foundation for the three key themes of this agenda:

1. competitive business
2. great place
3. skilled people

Its important to recognise that productivity drivers do not operate in isolation of one another. Numerous interconnections and interactions between different drivers exist. In order to harness the full potential of productivity drivers in the local area it is important to fully understand how they work well together.¹⁹

Competitive business: innovation, entrepreneurship and competition

Innovation comes in many forms relating to the invention and application of new technologies, products, production processes and services. It has been shown to bring about dynamic efficiency gains, positively affecting productivity levels in the long term. Specific, but only partial, indicators of increased innovation include the comparative share of jobs in high-tech sectors, levels of investment in R&D and levels of knowledge transfer between firms, industries and spatial areas.

Leeds' universities and teaching hospitals are key innovation assets for the city which need to exploit their potential and improve linkages with the private sector.

There is strong evidence that **entrepreneurship** is a key driver of productivity growth. Developing entrepreneurial skills enables businesses to innovate, seek new opportunities and resources and take calculated risks. The more entrepreneurial a locality, the more likely it will contain people willing to take risks in uncertain economic ventures, who are ready to grasp commercial opportunities and who therefore will introduce new products and processes to the market. These activities would result in higher productivity and growth.

¹⁸ Productivity in the UK 4: the local dimension, HM Treasury 2003

¹⁹ Devolving Decision – making 3 – meeting the regional economic challenge: the importance of cities to regional growth, HM Treasury 2007

Although Leeds has high business stock figures its business birth rates are well below the national average. Addressing this issue alongside improving skill levels will be a key priority within the competitive business theme.

Competition helps reduce slack in organisations and is crucial to the reorganisation of market structures by reallocating resources away from inefficient firms or declining sectors to more efficient firms and growing sectors. Ensuring that markets are competitive in regions and localities is essential in ensuring that firms have incentives to innovate, keep prices down and minimise their costs of production. An appropriately conducive regulatory framework is the government's main policy instrument for fostering conditions for fair and open competition.

Leeds City Council and its partners can contribute too, creating an environment which supports competitive businesses through policies and administrative processes which provide certainty, enabling businesses to operate and take decisions in the correct manner.

Great place: investment

Investment by businesses in plant, premises, equipment, technology etc is the fundamental explanation of productivity differentials. It is enabled by investment in infrastructure and the physical environment, both of which contribute towards the creation of great places.

Investment in infrastructure and physical developments will be key factors in the future economic performance of Leeds and the wider city region. Evidence from Leeds' economic performance of the last ten years supports the view that investing heavily in major development and investment projects creates increasing returns for local economies. Over the last decade £3.8bn was invested in major development projects in Leeds. Projects worth a further £1.3 billion are currently under construction and another £5.6 billion worth of investment is proposed.

Investment in cultural facilities and infrastructure is also important, ensuring that Leeds continues to offer an excellent quality of life and cultural experience that will, in turn, attract skilled people and businesses to help the economy thrive.

Skilled people: skills

Skills are a key determinant of economic prosperity. Investment in education and training contributes to a more skilled and productive workforce, with long term benefits for both localities and individual residents. Increasing skill levels can result in a permanent increase in economic growth for localities, as education and training can increase employability and labour productivity. For local residents, education and training have been shown to increase the individual's capacity to innovate and adapt to new technologies and to changed economic conditions.

Skills levels amongst the working age population in Leeds have continued to improve. However, they still lag behind the national average. This needs to be addressed in order to meet future employer demands and increase productivity.

Additional factors

There are three further productivity drivers which reflect the fact that successful future economies are as much about economic diversity, networks and partnerships. These three productivity drivers – sector mix, network capital and agglomeration – are principles which run through each of the key themes of this agenda and are important features of the economic geography of the Leeds city region.

Sector mix

Industries differ in terms of productivity levels and growth. Over-concentration and over-specialisation in specific sectors has historically left economies particularly vulnerable to economic shocks. Productivity growth over the longer term in local economies is intrinsically linked to a diverse and well balanced mix of sectors.²⁰

Throughout its history Leeds has retained a diverse sector mix which has protected its economy against the worst of the recessions. Retaining this economic diversity will be central to improving economic performance.

Network capital, or partnerships, will be paramount to successful future economies. In terms of productivity, there is good evidence that creating strong and enduring networks and partnerships reduces transaction costs and employee turnover. It also encourages entrepreneurship and co-investment; allows individuals, firms, industries and whole regions to benefit from advances in innovation. Moreover, it has been argued that building and maintaining strong networks is an effective tool for coping with economic slowdown, providing important channels of information sharing and providing partnership arrangements for cooperation and collective responses.

Leeds has a strong track record of partnership working and recognises that this must be further improved in order to deliver its agenda for improved economic performance.

Agglomeration, or clustering of firms and skilled workers, can be seen as one of the key drivers of economic growth in regions and localities. Successful clusters attract and retain high productivity firms and workers.²¹ The new economic geography of the city region and the effects of agglomeration will be key determinants of future economic growth.

²⁰ Cities, Regions and Competitiveness, Turok, *Regional Studies* Vol.38(9) 2004

²¹ Increasing Returns and Economic Geography, P Krugman, *Journal of Political Economy* Vol.99 1991

The economic geography of the Leeds city region

The Leeds city region brings together a partnership of eleven local authorities in recognition of the fact that markets, supply chains, labour force, housing and transport infrastructure transcend administrative boundaries. The *Agenda for Improved Economic Performance* will seek to complement the Leeds City Region Development Programme by delivering actions at the local level.²²

Drivers of change

The drivers and factors catalogued above are proper considerations in shaping the vision for the Leeds economy and the *Agenda for Improved Economic Performance*. They do and will interact with each other in complex, often unpredictable ways to which cities and their economies must inevitably adapt and, in doing so, create new opportunities and threats.

This means that the future economy of Leeds will not be a projection of trends from the present. Indeed, recent national and global financial events have illustrated how unpredictability and uncertainty are inevitable facts of life. Forecasts can highlight emerging trends, possibilities and drivers of change. They will not, however, spot the ‘wild cards’ such as epidemics, wars, natural disasters or the Eureka! moment of a new scientific discovery.

Work in the region on trends and scenarios to 2030 has been one example of ‘futures’ thinking.²³ From this, a set of critical issues facing the region were identified. These are shown in the diagram below.

Prepared before the full implications of the banking and finance crisis were known, these critical issues give insufficient prominence to the impact on investment finance, public expenditure and the



Source: Henley Centre Headlight Vision and Yorkshire Futures

²² Leeds City Region Forerunner Plan, Leeds City Region Partnership 2009

²³ The Future of Yorkshire Humber: Trends and Scenarios to 2030, Henley Centre Headlight Vision for and with Yorkshire Futures 2008

possible outcomes for business and physical development, and for public sector services over the medium term.

The study went on to think through implications for the Leeds city region. The main messages from the most plausible scenario were:

- a slowly diversifying economy
- inequalities persisting between a set of new knowledge workers and those with limited skills for the burgeoning service sector
- education gradually improving, higher level skills boosted by university growth
- rising congestion, the worst in the region
- strong case for transport eventually heard
- housing affordability more pronounced and polarised
- less exclusion but marked gaps in society on income, education and health

These are challenges to tackle, not predictions to accept as facts. The *Agenda for Improved Economic Performance* is not the only instrument to influence these possibilities, but it is a hugely important one, conditioned by the other drivers of change shown above but also a key lever on them too.

6. Our key objectives

Our task therefore is to maintain and improve our assets, develop our strengths and opportunities and tackle areas of under-performance so that the productivity drivers can combine effectively.

We will undertake this task and achieve our ambition through:

- a great place
- skilled people
- competitive businesses

We will be an **innovation** driven city, where **diversity, inclusivity, creativity**, excellence and high quality are the norm. We will not be known for only one thing. Instead, we will have a **sustainable** economy, adaptable and resilient to change – be it economic, social or environmental.

Our economic success depends on Leeds being a great place with skilled people, and competitive businesses and these are of course interdependent. For each of these key themes we will have action plans to match our ambition and show how we will deliver progress in the future.

However, each of these themes are very different and therefore need to be approached in a different manner; a one size fits all approach will not be appropriate. Different elements of the agenda and the corresponding objectives and action plans will be at different stages of development and this is reflected in what follows.

Many aspects of the life of the city and the activities of many different organisations impact on and are important to the economic development of Leeds. Education, housing, cultural facilities, the planning system all impact on our three objectives. But this document is not an education plan, a housing strategy or a spatial plan. It will need to influence these plans and strategies but its focus is on a vision for the economy and the drivers of productivity.

Great place

From our analysis and consultation with partners and stakeholders, the main conclusion is that:

Great places provide the best physical environments to enable the economic life of the city to flourish. Economic life is defined here in its widest sense and incorporates the following aspirations:

- a resilient, creative and entrepreneurial business sector
- an active, confident and expanding cultural sector
- a retail sector recognised regionally, nationally and internationally as one of the best
- a workforce with consistently increasing levels of skill
- a quality and quantity of residential choice in neighbourhoods which supports economic growth

Renaissance Framework and spatial planning

Supporting these aspirations will require continued and substantial investment in infrastructure and facilities over the next ten years. This investment should be coordinated through the mechanism of partnership and guided by the principles of the Renaissance Framework for Leeds to ensure developments contribute to strengthening the identity of Leeds as a great place to invest, do business, to work and to live.

The Renaissance Framework has been developed to understand and promote the principles that have shaped Leeds throughout its history and to further develop these as foundations for continued growth and expansion. These principles inform all discussions around development proposals and regeneration activity taking place in Leeds. They provide a framework for answering the following questions:

- how do proposed developments add to and enhance the city's distinctive skyline?
 - do they add to and enhance the city's natural, historic and cultural assets such as the waterfront, its listed buildings, viaducts, green spaces and the network of covered Victorian shopping arcades?
 - how do they connect with and help to re-connect different areas of the city and surrounding communities?
 - are they sustainable in themselves and do they contribute to the sustainable development of the city as a whole?
-

- does regeneration and development activity contribute to the unique sense of place that distinguishes Leeds from other cities here in the UK and abroad?

These principles support the emerging spatial and thematic priorities described below which will, in the medium term, underpin accelerated growth of the city and, in the short term, support the city's resilience to recessionary pressures. Financing private sector physical investment is going to be difficult in the short term and, in future, may not be as easy as it was in the past. Progress on the priorities is likely to be slower than originally envisaged.

The Local Development Framework Core Strategy, which sets the framework for land use planning, is currently being prepared and will set out the key objectives for spatial planning for the city. This must also be set in the context of the Regional Spatial Strategy and together these form the regulatory system for planning and development.

Spatial priorities

The five spatial priorities are:

1. City Centre and Rim

- The city centre has a central role to play as an engine of growth and this is why the city centre features as both a physical or spatial priority and a priority theme in its own right
- Physically, the city centre and the surrounding rim of neighbourhoods and communities, provide the setting for the majority of employment, entertainment, higher education and even health-related activities. Issues of access, legibility, safety and attractiveness are key and significantly affect the competitiveness of the city's broader economic offer to the region and beyond.
- The success of the centre has over many years required a large scale transport infrastructure system to support it. Some of this infrastructure has served to disconnect the area adjacent to the city centre – the 'rim' – undermining its attractiveness as a place or places and producing lower levels of growth than might otherwise be achieved through a more integrated approach.
- The increasing pressure in the city to accommodate high levels of growth in both employment and housing could be delivered, at least in part, by utilising this under-used part of the city.

2. Aire Valley Leeds

- One of the most significant areas of new investment and employment opportunity in the Yorkshire and Humber region, this area has the potential to attract 1,000,000 sq m of employment space and create 29,000 new jobs over the next ten to 15 years, along with

significant levels of housing. Development of the area is vital to the future prosperity and growth of Leeds and the surrounding city region.

3. Holbeck Urban Village

- Holbeck Urban Village is a fast developing business and residential community in the area to the immediate south of the city centre. Originally the home of the industrial revolution in Leeds, the area features an extraordinary architectural legacy, including the distinctive Italianate towers of Tower Works and the Egyptian facade of Temple Works.
- These monuments to the city's industrial past are now being restored to their former glory with the multi-award-winning Round Foundry setting the tone for the regeneration of the area through its sensitive restoration of the network of courtyards and nineteenth century engineering workshops to create a unique residential and working environment.
- Work on the redevelopment of the canal basin at Granary Wharf by Isis Waterside Regeneration is almost complete and Yorkshire Forward have planning permission for the first phase of redevelopment work on the historic Tower Works site.
- Holbeck Urban Village is an exemplar regeneration programme, which aims to re-connect surrounding communities to the city centre, preserve and enhance the city's historic assets, reinvigorate the waterfront and set the highest standards in sustainable development.

4. Leeds Bradford Corridor

- This partnership combines the resources and expertise of the two cities to deliver the next generation of strategic employment and housing locations. A three year funding programme has already been agreed with £20m investment secured to fund housing development. The long term aims of the partnership are to revitalise neighbourhoods, provide employment opportunities, improve the environment and enhance transport links in this nine-mile corridor connecting the two city centres.

5. The Neighbourhoods

- Local economic development is key to strengthening local district and town centres which have such a critical role in place making in the neighbourhoods.
- District and town centres need continual investment and support from both public and private sectors to ensure they remain at the heart of strong and prosperous communities. Examples include Beeston Hill and Holbeck, where over £100m has been spent on regeneration schemes, and Armley, which forms a key gateway to the city and is also part of the Leeds Bradford Corridor.

Thematic priorities

The five thematic priorities are:

1. The City Centre

- As a place in its own right, the recently launched prospectus for Leeds City Centre 2020 identifies the following attributes as key to the future of the city centre as a major economic driver for Leeds and the wider city region: business friendly; sustainable; welcoming; cultural; a quality environment; well connected; legible and walkable; and liveable. The prospectus identifies key projects such as the Leeds Arena which will help deliver this vision for the city centre.

2. Transport

- Investment in transport should link spatially with areas of growth and also link significant individual transport hubs such as the airport or the central train station with significant new investments such as the arena and Headingley Stadium.
- Investment in multi-modal transport systems will be required with the development of the major new technologies such as New Generation Transport (NGT) through to the encouragement of walking and cycling as viable choices for local travel.

3. Culture and creativity

- Both sectors have proved their growth potential and their contribution to the creation of Leeds as a great place. However more needs to be done to consolidate recent and planned investment with the broader economic priorities of the city.
- Actions range from promotion and marketing of the city through to skills enhancement and the alleviation of worklessness through creativity and cultural activities.

4. Housing

- The city is planning major growth in the number of new houses to be built over the next ten to 15 years. This will require supporting services and facilities in the form of jobs and neighbourhood facilities.
- In addition to the provision of much needed investment, the new programmes of building will stimulate and support a diverse supply chain of new enterprise and existing businesses. It is essential that housing and employment growth opportunities are closely coordinated.

5. Partnership

- Key to connecting the delivery of both spatial and thematic priorities in the city will be the city's capacity and skills in utilising partnership networks. Networks and partnerships such as the Leeds Property Forum and Construction Leeds, as well as those already managed through the Leeds Initiative, will be critical to maximising the impact of individual investments.

Skilled people

From our analysis and consultation with partners and key stakeholders, the main conclusions are that:

- there is an opportunity to improve the connections between the skills agenda and inward investment / physical regeneration
- Leeds needs to improve the employability of its residents and connect this with the needs of employers
- when in employment, both employers and employees need to develop their skills base to secure competitive advantage in the long term
- the policy infrastructure remains in a state of flux and partnership working is essential in developing and implementing a successful strategy

In response to these four broad priorities, a number of aims and actions have been identified:

Inward investment and regeneration ²⁴

- use section 106 planning agreements to secure commitment to local employment objectives
- build partnerships between local authorities, employment agencies, FE and employers at the pre-development stage
- forecast all possible employment opportunities during planning, construction and post-development phases
- use targeted employment strategies to link training and employer demand
- ensure regeneration leaves a positive employment legacy by creating long-term opportunities, jobs with career prospects and ongoing support for employees

Employability

- raise the aspirations of 14-19 year olds by: providing information, advice and guidance; address barriers to learning; develop employability through building confidence, collaboration and creative skills
- improve the employability of graduates to attract and retain high skill workers in Leeds
- work with employers to encourage work experience for identified groups, including graduates, and opportunities for reflection and integrated action learning, which are central to improving employability.

²⁴ Recommendations of the All Party Urban Development Group

Continuous development (workforce development)

- smarter business support, recognising skills as a key element of innovation and business practice (through brokers)
- emphasis on skills for leadership and management, particularly amongst small and medium sized enterprises
- partnership working between local authorities, business support agencies, and a variety of FE and HE providers to simplify and coordinate delivery mechanisms and connect mainstream provision effectively
- emphasis on the key value adding sectors as a means of targeting resources
- new approaches to human resource development, which will be adopted by local employers

Partnership working

- active and influential role in City Region Employment and Skills Board
- city-wide education offer²⁵
- connecting with physical development

To take this agenda forward

- Employment and Skills Board
- identify small number of projects for partnership working and demonstration of ‘quick wins’
- identify champion to promote and sustain skills in the city
- celebrate skills – a festival / conference in Leeds
- branded skills and human resource development forum for local employers, with one or two high level representatives from FE and HE to inform curriculum development

The development of a well motivated and highly skilled workforce will be a key determinant of the success of the Leeds economy. No matter what section of society we are referring to, be it the unemployed, students, voluntary workers or company directors, the economic progress made by Leeds in the future will be highly dependent on the acquisition of more and better skills by its people.

Not only does Leeds therefore need to raise its skills base in order to create a more inclusive, competitive and prosperous city. It also needs to strive to develop and adapt the skills base in

²⁵ *need to check* Work Foundation Report for Leeds City region and learning from Cambridge, Barcelona, Helsinki

order to respond to new industries and new technologies emerging in the economy now and in the future. Our starting point is a position of relative strength. We have a diversified business base with a history of new jobs being created in a range of business sectors over the last decade and an economy that has proved to be resilient in times of recession.

Although those currently in employment are relatively well qualified, the need to continually up-skill and re-skill the employed workforce is a key characteristic of the labour market in the twenty first century. Economic growth will return and it is important that the residents of Leeds have the opportunity to fill all available job opportunities and particularly the more highly skilled and highly paid jobs which will be critical to the long term competitiveness of the city.

Our agenda identifies many opportunities to be harnessed. Leeds has a tremendous record associated with attracting investment and employment to the city and it is important that the employment and skills dimension of this investment is given top priority. The promotion of Leeds as a 'city of enterprise' provides a focus for the development of skills in the area (see 'competitive business' section). Coupled with employer-reported skills gaps and shortages, which continue to hamper the competitiveness and development potential of local enterprise, it will provide a focus for our skills related activity.

Our schools, colleges, universities and a range of private and third sector training providers need to respond to meet the needs of our employers and economy both now and in the future. We have plenty to build on: we have a number of employers of high repute; FE colleges which are leaders in their fields; and two world class universities already making a substantial contribution to the Leeds economy. Our challenge is to build on this for the future through the development of the skills agenda for Leeds.

Three key principles underpin our approach – progression, focus and connection. **Progression** is a core principle underpinning our approach, both in terms of learning and labour market progression. The relationship between skills and qualifications is particularly relevant in this instance, providing a framework to assess and monitor skills from basic through to higher levels. However, there is also a need to recognise the role of non-accredited learning and 'soft skills' both in terms of employability and performance in the work place.

A further principle of our approach is that in a world of scarce resources we cannot do everything and there is a need to **focus** activity and harness the benefits to be realised through partnership working. There are a number of different ways in which this focus can be applied to achieve local economic development and one that has been used successfully in Leeds relates to the development of strategic sectors of the economy. Research and consultations suggest that the following sectors provide a mix of potential employment growth and research and innovation, that will contribute to the competitiveness of the city on the future: financial and business services, environmental industries, medical and health and sport.

A final principle is **connection**. It is important that the skills agenda connects with the national and regional agenda formed by government departments and the regional development agency, whilst also connecting with the local agenda in terms of the Leeds city region multi area agreements.

Competitive businesses

From our analysis and consultations, the main conclusions are that:

- Leeds needs to promote its strengths and make more of its many success stories and role models
- while Leeds has good partnership working in place, now is the time to make improvements, particularly at the operational level

In response, two broad priorities are the basis for actions, which will create the conditions for competitive businesses to flourish.

Priority 1: Promote Leeds as a 'city of enterprise'

The two main areas for action are:

- to encourage residents to develop enterprise skills and aspire to set up their own businesses
- to develop the best possible environment to attract businesses to start up and grow

More detailed proposals relating to developing enterprise skills include:

- develop an 'enterprise campaign' which raises aspirations of Leeds residents particularly those in our most deprived communities
 - enable people and new businesses to gain enterprise knowledge and skills
 - embed enterprise skills as key skills in our education system
 - promote/celebrate 'enterprise' and 'being enterprising' in large organisations (both in the private and public sectors)
 - help new start firms to become investment-ready and be able to secure finance
 - support social enterprise development within our communities and within our voluntary/ public sectors
 - use our business champions to raise aspirations and to develop 'enterprising' approaches to some of our most difficult issues
 - use the Enterprising Britain competition as the vehicle for raising awareness, coordinating effort and raising the profile of Leeds
 - promote Leeds as a city of creativity
-

Proposals for developing the best possible business environment include:

- promoting 'better regulation' by our regulatory agencies
- encouraging both the private and public sectors to 'buy local' where this provides long term value for money
- encouraging large organisations to both use small local contractors and pay contractors on time
- developing a culture where we encourage networking, problem solving and innovation between our public and private sectors
- increasing take up of publicly funded business support services to assist businesses to grow and develop
- developing a culture where we 'go the extra mile' to support business development
- securing the active support of public figures in engaging with local economic development priorities and lobbying/promoting the city
- implementing a programme of account management for our largest companies building relationships which will, over time, retain and enhance business investment in Leeds.
- promoting Leeds as an excellent business location for existing businesses based in the city, for new start businesses looking for their first location and for businesses seeking to relocate or expand their operations in the city
- using the excellent business environment and quality of life offer to attract investment and businesses
- using business ambassadors to sell Leeds to visitors, investors and businesses
- encouraging and supporting creativity in businesses

Priority 2: Maximise the economic benefits from key assets in Leeds

The three main areas for action under this priority and the detailed proposals for each are:

Innovation

- Use Innovation City Leeds to exploit the research and innovation capacity of our universities, joining this up with spin-out companies, business start ups and new businesses with high growth potential. The £65 million project involves developing a state-of-the-art business and bio-sciences incubator, which will further accelerate the reputation of Leeds as a centre for enterprise and innovation.

- Explore whether Innovation City Leeds could form the basis for a new partnership to exploit innovation and knowledge transfer at the local level and harness its potential for economic growth
- Ensure inclusive open innovation networks utilise all sources of expertise and knowledge available to Leeds

Global networks

- harness the international linkages of Leeds City Council, further and higher education, business and our diverse community to sell Leeds as a place to visit, do business and invest
- reinvigorate International Leeds as a forum to share best practice and promote joint working
- refocus the city's international work on harnessing long term economic benefits for this city.

Flagship development projects

- through excellent partnership working ensure that flagship projects act as a catalyst for wider economic regeneration
- ensure that the spin-off economic opportunities are harnessed for the wider benefit of the Leeds community
- achieve a development mix which caters for a range of types and sizes of businesses

7. Our delivery: implementing, monitoring and review

In order to implement, monitor and evaluate progress of the *Agenda for Improved Economic Performance*, action plans for each of the three key themes are being produced. These plans set out the priorities for each theme, as well as identifying the lead organisation, partners, major milestones, resources, barriers and risks, and strategic links. In order to ensure that priorities remain focussed and up to date it is intended that the action plans will be living documents, that can be updated as and when necessary. The action plans are set out in **Appendix I**.

The overall responsibility for overseeing the delivery of the action plans lies with the Leeds Economy and Skills Partnership, which is a strategy and development group of the Leeds Initiative, the city's Local Strategic Partnership. This group will review the progress of the priorities within the action plans every six months, with a full strategic review being undertaken in 2012. This review will take into consideration requirements of the statutory economic assessment duty which is being introduced in 2010.

The action plans will act as the framework for which the key themes of the *Agenda for Improved Economic Performance* can be monitored and evaluated. However, it is also necessary to monitor and evaluate the economic performance of the city as a whole. This shall be achieved through the annual collation of the following performance measures:

- Enterprise and Economy indicators of the Leeds Strategic Plan
- Local economy indicators within a national government set
- Indicators for Leeds: going up a league
- Index of Economic Resilience, baseline produced in 2009 by EKOS gen for the Yorkshire Cities Group.
- Cushman & Wakefield European Cities Monitor

Appendix 3 sets out in detail these performance measures.