

APPENDIX

SEP reviews

1 West Midlands

The West Midlands Combined Authority's strategic economic plan, 'Making our Mark', created by the Black Country Economic Intelligence Unit of the Black Country Consortium (LEP), is structured by mapping out policies in a defined set of key smart specialisation sectors similar to other city regions and combined authorities, and then focusing on policy areas of HS2, skills and employment, housing, and the wider West Midlands geography. It is supplemented with more detailed appendices on 1. The Dynamic Economic Impact Model, 2.Skills, 3.Sectors, 4. Strategic Companies, 5. Vision Setting, and 6. Fiscal Impact. Particularly the DEIM (consisting of a micro-zonal, macro-zonal, productivity, business and skills, migration, and highly strategic transport model) created by David Simmons consultancy, with input from City REDi at University Birmingham Business School, and Oxford Economics model for macro-level analysis and the vision setting. The Performance management framework contains reference to a PwC impact pathway analysis, and the Fiscal Impact section references the Manchester public finance model, as well as Centre for Cities, making the West Midlands supporting documentation the most comprehensive.

1. For Advanced Manufacturing the 2014 strategic plan proposed to double the productivity of the advanced manufacturing sector with a particular emphasis on supporting SME growth, innovation capabilities, supply chains and conditions for further investment. Built into the strategy for Advanced Manufacturing is an explicit link to skills and employment policies, as well as business growth, and plans to includes initiatives to work on skills to employment programmes with employers such as JLR, Westfield and the Mann Group, as well as engagement between the sector and schools.

2. In the creative and digital sector, the WMCA's aim was to triple productivity, with a particular view to connect skills development in this field to engineering and manufacture, life sciences and health, and increase business support through these inter-sectoral transferable approaches, an increased focus on open data and broadband connectivity, as well as within public services. The sector is a priority theme in the Midland Engine Science and Innovation Audit and supported by a number of university and business partnerships.

3. In the field of environmental technology, the West Midlands set out to increase productivity, and 'facilitate collaboration between businesses, public sector and universities in the development and adoption of environmental innovations'. The sector is less embedded in the area of skills and business growth although plans to link it to the Employment and Skills strategy and draw upon learning from the Black Country Skills Factory. The sector is also listed in the Midlands Engine Science and Innovation Audit.

4. The aim for the field of life and health sciences included doubling productivity to

reach a GVA of 6bn and a 75k increase jobs by 2030. Proposals for this sector in the SEP are not as thoroughly developed as for manufacturing and digital, with objectives involving the fostering of growth in the sector for Birmingham with a significant cluster of businesses in the area, particularly in the development and assessment of drugs, diagnostics and devices, while further developing the area of mental health and well-being.

5. A strong emphasis is placed on embedding the impending construction of HS2 into the wider geography, as well as the areas of skills and employment, and business growth. In terms of business growth and innovation, the SEP sets out intentions to create a local hub for the HS rail supply chain from the HS2 rolling stock depot at Washwood Heath. This is proposed to connect to skills initiatives through a National College for High Speed Rail, an 'HS2 Ready' programme delivered in primary schools, and an access to jobs programme up-skilling unemployed people.

6. Skills are presented as one of the West Midlands' biggest challenges, and this is supported by so-called 'skills investment zones' and through a Productivity & Skills Commission for the West Midlands Combined Authority launched in April 2017, aiming to address skills as part of a wider set of problems, including low employment rates and business dynamism (measured in business births and innovation activity).

The SEP sets out objectives to transform the business models and shape of the housing market and linking development in the housing sector to employment and skills programmes, as well as the Productivity and Skills Commission. The WMCA proposes to achieve this through the removal of existing barriers for development, including more extensive use of Local Development Orders, through the WMCA Land Commission, land assembly and a designated Land Remediation Fund, support for the development of smaller sites by SMEs, new investment mechanisms for investment in social infrastructure, and a focus on low carbon and zero carbon housing development.

2 Tees Valley

Tees Valley's Strategic Economic Plan 2014 is the most comprehensive document, more comprehensive than its 2016 update, 130 pages in length, with SWOT analyses, a number of detailed location and 'asset' maps identifying programmes, capital assets and sector clusters by location, with an in-depth analysis of existing capital assets, supply chains and intra-sectoral and intra-firm linkages, detailed funding allocation plans, projected return on investment in the form of jobs and GVA for its different core objectives, as well as a programme implementation plan. The analysis for the SEP was created with the help of EkosGen, an economic and social research consultancy with offices in Manchester, Sheffield and Glasgow (also employed by Sheffield City Region).

The document is structured into six mission-based priorities, grouped under four core objectives: 1. Support Innovation and Sector Development, 2. Develop The

Workforce, 3. Develop and Provide Infrastructure, 4. Attract and Retain Wealth.

The Tees Valley SEP lists four key priority sectors with competitive and innovation potential, namely Process, Advanced Manufacturing, Low Carbon and Creative & Digital, which are all set out to be interlinked and embedded in capital projects and intersectoral initiatives, not solely relying on a sectoral strategy, but linking this to a variety of policy levers for local economic growth.

1. Under the remit of innovation, the Tees Valley SEP lists the provision of direct support for R&D, direct support to businesses for innovation and commercialisation of new products, processes and services, encouraging exports, the support of collaboration in innovation led projects, particularly those working across sectors, working with other research based organisations, the creation and development of open access technology centres to commercialise research, and to meet the skills demands for innovation through the establishment of innovation-led skills centres linked to national innovation assets.

2. With regards to business growth, the Tees Valley SEP outlines a standard mix of measures including SME support, particularly for engineering and advanced manufacturing to digital/creative and ICT, business support, improved access to finance and business accommodation and infrastructure. A key component in the proposals for business growth is developing land and infrastructure, to ensure appropriate business accommodation and infrastructure, including providing suitable land for commercial development for industrial premises, office units and incubation facilities to support high-growth SMEs.

3. The section 'Develop the workforce' focuses on skills, but very clearly positions the role of education for job creation and economic return, and maps out the state of core towns and cities for analysis. It identifies the key challenges identified as 'demographic change', high levels of NEETS, scarcity of higher level skills, underperformance of schools, poor quality and inconsistent labour market information. The main focus is placed on upskilling the existing workforce and increasing the proportion of residents with higher level skills, but also proposes improving 'the capability of employers to develop skills/workforce planning strategies and increase the demand for, and investment in skills, by employers and individuals'.

4. The Tees Valley SEP document provides detailed proposals on investment in and development of infrastructure across the areas of 'roads', 'rail', 'port', 'airport', 'other infrastructure' (nuclear), 'flood risk management' and 'other enabling infrastructure'. Proposals and existing Local Growth Fund projects are listed along with projections for jobs and GVA gained through infrastructure investment.

The document clearly emphasizes the economic development function of the transport networks in particular in 'retaining links to key cities, opening up sites for development, unlocking 1,700 jobs and 3,170 houses in the Tees Valley', while at the same time aiming to find sustainable transport solutions and help to reduce carbon

emissions.

3 West Yorkshire / Leeds City Region

West Yorkshire / Leeds City Region's SEP is broader and more aspirational and place-marketing focused in its tone, but has a similar structure as Sheffield City Region, emphasizing productivity and GVA, and the role that Business growth (particularly in R&D, innovation, exports and higher skilled jobs), skills development, clean energy and infrastructure play in this. It is underpinned by a separate Economic Impact Assessment, with the city region drawing upon a Regional Economic Model provided by Experian Business Consultancy, and the Regional Economic Intelligence Unit. For its 'approach to intelligence and analysis' the SEP references What Works Centre for Local Economic Growth, the Institute for Transport Studies at the University of Leeds and Working Groups coordinated by BIS. Compared to other SEPs, however, the city region distinctly outlines the idea of 'good growth' that runs through its strategy, links to an existing city-wide initiative titled 'Strong Economy, Compassionate City' and shows a particular link to infrastructure, skills and jobs.

The strategy is structured around four different areas (which also match Liverpool City Region's focus areas), and a set of 'key growth sectors': 1. Business: Growing Business, 2. Environment: Clean Energy and Environmental Resilience, 3. People: Skilled People, Better Jobs, 4. Place: Infrastructure for Growth. The SEP outlines a number of key growth sectors that are in part matched to the Northern Powerhouse 'pan-Northern 'prime capabilities' (table 2), in addition to 'Food and drink'.

The SEP document also outlines a set of defined indicators to measure and evaluate city region performance, focused on traditional economic development measures, such as GVA, median incomes and CO2 emissions per capita.

Within the Combined Authority and the LEP, the SEP is 'intentionally high level' and sets the economic policy framework for a series of interconnected delivery plans that will detail what will be delivered, including plans for Skills and Employment, Digital, Transport, Green Infrastructure, Trade and Investment, and Housing, Regeneration and Infrastructure, a single appraisal framework, economic growth scenario forecasts, and a statement on evaluation which are outlined in more detail later in the document..

1. The SEP also proposes an HS2 College in Leeds City Region, owing to the fact that 'more people are employed in the rail industry and its supply chain here than anywhere else in the North', including Network Rail, East Coast, Northern Rail, WSP, Omnicom Engineering and Siemens, alongside 14 FE colleges, research strengths at the University of Huddersfield Institute of Railway Research and York University Joint Rail Safety Research Centre.

2. As part of the SEP's 'People' section, the Combined Authority proposes an 'Inclusive Growth' approach 'that will actively prioritise options to extend job and

income opportunities to all communities’, and feature ‘more good jobs defined by decent income, fair terms and appropriate flexibility and security, where effort is recognised and people have the opportunity to learn, contribute, progress and work in a safe and healthy environment.’ In general, the strategies set out for skills involve plans to connect education to business, more apprenticeships, employability and access to jobs, building skills and addressing skills gaps.

3. The SEP’s second chapter profiles the separate areas that form the city region, together with an overview of their characteristics in terms of place, economic structure, skills, output and key assets. In relation to its chapter on ‘Infrastructure for Growth’, the strategy focuses on set ‘integrated spatial priority areas’, particularly for what is termed urban growth centres, housing growth areas and employment growth areas. It furthermore lists the delivery of 31 strategic transport projects, and investment in multi-modal projects across and beyond cross-regional Transport Fund, HS2, Northern Powerhouse Rail and Transport for the North; flood risk mitigation and digital infrastructure.

4 Liverpool City Region

The Liverpool City Region’s SEP, ‘Building our Future’, is organised into a section setting out the ‘strategic direction’, and followed by three separate mission-based topical strands, namely those of ‘productivity’, ‘people’ and ‘place’. The LEP compiled the SEP for the Combined Authority, and operates ‘North West Research & Strategy’, a full-service research agency to provide intelligence and analysis for the Combined Authority.

The strategic approach is framed in the context of a business-led strategy for growth, with sections on ‘Building on our Assets’, ‘Focusing on our growth sectors’, ‘Responding to our challenges’, ‘Realising our potential’. For example, the SEP outlines a number of business and R&D hubs and assets across the region to support growth, in conjunction with the Local Growth Hub, intended to work closely with all local business organisations to engage with and support the business community through a coherent and comprehensive brokerage service, similar to the discontinued regional Business Link services through DWP.

The ‘Productivity’ chapter focuses on sectoral ‘assets’, ‘opportunities’ and ‘trends’, analysing this in depth for identified core sectors, which correspond to the Northern Powerhouse capabilities, in addition to the visitor economy and maritime logistics.

1. As part of the SEP these sectoral strengths are mapped across the local authorities of the city region, revealing a dominant strength in manufacturing and port and logistics for all areas, and some specialization in knowledge intensive businesses and low carbon industries.

The strategy outlines the particular focus on Advanced Manufacturing as a mechanism to increase innovation and business growth, with £200m of investments

including a £24m Advanced Manufacturing facility, to 'establish the UK's FMCG equivalent of "Silicon Valley"'. In the area of automotive and rail the strategy outlines a significant emerging rail cluster, and links these strength with plans for a Northern Rail Academy in Widnes, as well as the incubation of a rail OEM into the City Region. With regards to skills development, the strategy also proposes to capitalise on the increasing financial services sector overspilling from Manchester to develop effective relationships between colleges, universities and businesses to create opportunities to develop and retain talent in the City Region.

In the area of health, the NHS Royal Liverpool and Broadgreen University Hospitals NHS Trust is planning a new SME Accelerator incubator focusing on infectious diseases, in a bid to develop sector "ecosystems" and focused business development to increase collaborative R&D, fill incubators and increase investment. Within the sector of port and maritime, the strategy proposes the development of sustainable supply chains between manufacture and freight to develop synergies and critical mass locally, while stimulating exports and port centric manufacturing. Liverpool also emphasizes plans in R&D to develop an LCR cloud based platform for Industry 4.0 to accelerate take up of technologies in local businesses and facilitate secure and affordable data sharing across entire supply chains, and lists the STFC Hartree Centre as the 'UK's most powerful industrial R&D supercomputer'.

2. The 'people' chapter in the SEP focuses in turn on skills development, outlining a higher skills and educational attainment gap that widens with age and is estimated to account for £6.4 billion of GVA. Strategies listed to address this include a Skills Commission to work with business to establish skills needs, provision and opportunities, along with 'skills pathways' designed with businesses from Key Stage 1 onwards, as well as a common skills framework across all key growth sectors.

3. The 'place' section focuses on improving transport, energy and digital infrastructures, and protecting and enhancing cultural and environmental assets, to address increased demand for public services, office and industrial space and housing, with the aims of improving quality of life for residents and attracting and retaining investors, skilled workers and visitors who will contribute to growth. This strategy echoes that of Tees Valley.

The SEP's transport proposals under the 'Place' section outline Transport for North 'Northern Powerhouse rail' connectivity plans, HS2 plans, and plans for a 'Superport' expansion of Liverpool2 port to dramatically increase access for international vessels. This part of the strategy also outlines plans for low carbon and green energy initiatives to increase self-reliance and capitalising on a low carbon economy across the region.

5 Sheffield City Region

Sheffield City Region's strategic economic plan is very clearly structured as a bid document and titled 'A focused 10 Year Plan for Private Sector Growth', compiled by

the SCR, who use the Regional Economic Intelligence Unit, ekosgen consultancy and SNC-Lavalin for their research reports.

It outlines current strengths and weaknesses, delivery of local growth funding targets as proof, and additional asks from Central Government to deliver more. In tone and focus the document centers on economic development, with a particular focus on business development, high-skilled job creation for businesses with high export potential, and related development of infrastructure and connectivity in relation to HS2, and a central aim to increase competitiveness through productivity outputs and GVA for the region.

The SEP clearly states a relationship between economic development and spatial development patterns and maps out 'seven long-term spatial areas of growth and change where a significant proportion of growth is expected to occur', containing both the city's Enterprise Zone, as well as both urban and rural parts of SCR and the Core City centre.

In order to support growth of new and existing businesses (especially in the sectors of business and professional services, advanced manufacturing, healthcare, CDI and low carbon economy) the strategy outlines the mechanisms of:

- Attracting investment from other parts of the UK and overseas
- Increasing sales of goods and services to other parts of the UK and abroad
- Developing skills base, labour mobility and education performance
- Securing investment in infrastructure to support growth

The SEP outlines a strong focus on increasing intra-sectoral linkages through the expansion of supply chains, which 'transcend traditional sector boundaries', particularly in 'materials and digital'. The city region is described as not specialised in particular sectors, but characterised by business to business rather than consumer markets, and predominantly acting as supplier to markets outside the regions. Strengthening these would support key growth sectors, such as advanced manufacturing, CDI and healthcare technologies, as summarised in a value chain model of 'design – develop – distribute'.

The strategy also outlines a past reliance on public sector employment and a deficit in private sector firms and jobs, which the Sheffield City Region considers as the most effective mechanism for increasing productivity and GVA. The strategy declares that loss of jobs in low and medium tech manufacturing is to be expected, and that the city region needs to 'transform, rather than just grow its economy', and 'needs a restructured, twenty-first century, manufacturing, materials and knowledge economy'.

Sheffield City Region has a strong emphasis on entrepreneurship and business growth as set out in its mission to increase productivity, and the SEP contains a number of strategies to link inter and intra-sectoral collaboration, education, skills and entrepreneurship, with some partnerships bringing together education and

businesses to address skills gaps and is supported by proposals for capital projects, such as the development of an SCR Growth Hub in line with Government guidance (in particular, that of the Department for Business, Innovation and Skills). The emphasis on innovation policy is particularly expressed in a separately developed local programme alongside the Technology Strategy Board's Innovation Voucher, which is less restrictive and available to a broader range of sectors that are relevant to Sheffield City Region.

6 Greater Manchester

Greater Manchester Combined Authority's Growth Plan 'Stronger Together' is set out as an aspirational bid document, with a distinctly neo-liberal growth model and emphasizes its previous achievements in economic development and the employment of other policy areas to this effect. GMCA's research and analysis is carried out by research consultancy department New Economy Manchester. The area is positioned as a place for opportunity to 'exploit its assets and meet the changing demands of the global economy.'

Its 'challenges', including demographic change, unemployment and low skills, but positions these in relation to increasing productivity, and decreasing reliance on public services so Greater Manchester ceases to be a 'cost centre' for the UK. This is proposed to originate from public service reform, but furthermore the increase of skills and employment to divert people from dependence on the welfare system. While the plan acknowledges the lack of adequate funding due to cuts, it proposes working 'creatively' with Whitehall, the voluntary sector and social enterprises to support vulnerable communities under the section titled 'Building independence and raising expectations'.

Place-focused policy in the strategy entails intra-regional linkages and a spatial strategy for the whole area, and then focuses on infrastructure for the benefit of connectivity for logistics, with focus on the Greater Manchester Transport Fund, the Local Sustainable Transport Fund, the Northern Hub rail scheme, High Speed rail and the airport. It sets out the building of a global brand to attract investment and increase its visitor economy, but also promotes 'a new model for sustainable economic growth [...] where all our residents are able to contribute to and benefit from sustained prosperity and enjoy a good quality of life.'

The final section of the report sets out plans for implementation, portfolio holders and benchmarks for targets to be achieved by 2020. Since the document did not reveal much about sectoral strategies and was created at an earlier date than other SEPs, we also consulted the New Economy Manchester's (GMCA's research consultancy section) Deep Dive on sectors. The document sets out an analysis of various key sectors (including most of the Northern Powerhouse prime capabilities), adding that the city's economic strength is in its diversity and not relying on a single sector.

The Deep Dive outlines that the business, finance and professional sectors account for the majority of employment and output (GVA) growth over the past decade. While manufacturing and logistics are still continuing to have some importance to the region, the sectors have seen a significant employment decline over the past decade. Health and social care is described as the third largest employment sector in the region, in line with the rest of the country, with a majority in the public sector but some components in health innovation.

Retail, Digital and Creative, Health & Social Care and Manufacturing (including Advanced Manufacturing, Food & Drink Manufacturing, Textile Manufacturing) are analysed as growth sector by employment size and GVA growth, while Education, Hospitality, Construction and Logistics are declining, with Public Administration in high decline. As common factors for change in growth, the deep dive names technological change and the digital revolution which are 'breaking down boundaries between sectors' and states that 'in-work productivity and the skills of the resident population remain the greatest brake on GM's economic potential across all sectors of the economy', while proposing that localised demand will grow as the population expands. The report contains more detailed reviews of the state of each sector and growth opportunities as well as challenges and spatial considerations.