

**COMBINED AUTHORITY MEETING**

**2 October 2024**

**YORK AND NORTH YORKSHIRE COMBINED AUTHORITY'S STRATEGIC  
GROWTH PRIORITIES**

**Report of the Head of Strategy**

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**1.0 Purpose of the Report**

- 1.1 The report sets out the draft Strategic Growth Priorities that the York and North Yorkshire Combined Authority (CA) proposes should be submitted to the Ministry of Housing, Communities and Local Government (MHCLG) as part of the development of the Combined Authority's wider Local Growth Plan.
- 1.2 The purpose of this report is to finalise a set of draft Strategic Growth Priorities which will then be used to develop a full Local Growth Plan and investment pipeline in collaboration with Government.
- 1.3 Government's intentions are for Local Growth Plans to be finalised and published around Summer 2025.

**2.0 Recommendations**

- 2.1 It is recommended that:
- 2.1.1 The Combined Authority approves the five draft Strategic Growth Priorities for submission to MHCLG:
- **Increase productivity and innovation within the Food and Farming Sector;**
  - **Maximise our science, knowledge, innovation and research strengths to drive growth in an Engineering Biology northern cluster;**
  - **Create economic opportunities through the need to transition to Clean Energy;**
  - **Enable technological and digital transformation through investment in Digital Infrastructure and Skills; and**
  - **Accelerate Place-based Sustainable Development.**
- 2.1.2 The Combined Authority delegates authority to the Combined Authority's Chief Executive to agree the priorities with MHCLG, in consultation with the Mayor and Combined Authority Members, if any amendments suggested by MHCLG are required.

2.1.3 The Combined Authority approves the transition of the Economic Framework, alongside the Strategic Growth Priorities, into the Local Growth Plan.

### **3.0 Background**

3.1 Local Growth Plans were first identified within Labour's Manifesto: "At the centre of our approach is a new statutory requirement for Local Growth Plans that cover towns and cities across the country. Local leaders will work with major employers, universities, colleges, and industry bodies to produce long-term plans that identify growth sectors and put in place the programmes and infrastructure they need to thrive. These will align with our national industrial strategy."

3.2 Legislation is expected in the form of the English Devolution Bill which intends to give new powers to metro mayors and combined authorities. This will support local growth plans that bring economic benefit to communities.

3.3 Beyond these initial announcements, Combined Authorities did not receive immediate guidelines on the role of the Local Growth Plan and the format required, other than Local Growth Plans should be developed in collaboration with Government, but ultimately, they are locally owned strategies.

3.4 In discussions with MHCLG colleagues, the following was clear:

- The emphasis for the Local Growth Plan is to unlock national growth by addressing regional inequalities in productivity. Priority should be given to the most transformative opportunities for growth or removing constraints to productivity, with areas advised to propose only 3-5 Strategic Growth Priorities to be agreed with Government. The more detailed Local Growth Plan would be expected to include a focus on these Priorities, as well as reflect wider areas of local importance that form part of the region's overall approach to growth and support a functioning, prosperous economy.
- The Government will introduce a new National Industrial Strategy to drive long-term, sustainable, inclusive, and secure growth. Local Growth Plans will help to shape the National Industrial Strategy and provide a framework that helps inform priorities for public and private investment and interventions to drive growth.

3.5 It should be noted that details surrounding the final Growth Plan, and how the Strategic Growth Priorities contribute to this, are still being finalised with Ministers. The information within this report is based on officer understanding to date, and to the best of officer knowledge is accurate at the point of publication. The draft priorities set out in this report have been developed based on current thinking on the scope of the policy that is subject to further refinement and evolution. These priorities have not yet been formally submitted to MHCLG and therefore do not have HMG approval.

### **4.0 The Process of Identifying the Strategic Growth Priorities**

4.1 In order to identify the Strategic Growth Priorities for York and North Yorkshire, the following process has been undertaken:

- A review of the priorities within the Economic Framework, identifying the opportunities that best align with national ambitions to increase productivity and drive growth.
- A number of prioritisation activities have been undertaken through the following: engagement with CA members, consultation with key representatives from the City of York Council and North Yorkshire Council, and a number of workshops to test the priorities with MHCLG officials and consider how local and national priorities align.
- Revisiting the existing evidence and ensuring there is a clear rationale and opportunity for growth across each priority. This includes reflecting upon York and North Yorkshire's unique assets, geographical position, capability and knowledge, market opportunity and brand recognition.

4.2 There has not been extensive consultation and engagement with stakeholders at this stage. This is primarily due to the priorities emerging from the Economic Framework, which built on the extensive consultation and evidence work that was undertaken by the City of York Council and North Yorkshire Council's Economic Strategies. There will be greater opportunity for engagement from October onwards.

## 5.0 Transitioning the Economic Framework into the Local Growth Plan

5.1 In July 2024, the Combined Authority approved an [Economic Framework](#), which sets out three overarching ambitions and five key thematic priorities for the Combined Authority, as depicted below:



- 5.2 The role of the Local Growth Plan is not to disregard the existing Economic Framework and the extensive collaboration and work undertaken to form that. The proposed Strategic Growth Priorities have been formed from the basis of the Economic Framework.
- 5.3 To build on the work to date around the Economic Framework, it is recommended that the Economic Framework, alongside the Strategic Growth Priorities, form the basis of the Local Growth Plan. This avoids confusion for Government and other key stakeholders and minimises the number of existing strategies.
- 5.4 The Combined Authority and the government recognise there will be important priorities which, whilst not part of the key priorities identified for accelerating York and North Yorkshire's economic growth and productivity, are essential to the local economic health and prosperity of the region. Therefore, it is proposed that the Local Growth Plan is segmented into two categories:
- Strategic Growth Priorities identified with government for accelerating York and North Yorkshire's economic growth and productivity; and
  - Wider Local Economic Priorities.
- 5.5 Wider Local Economic Priorities may include:
- Towns and High Streets
  - Tourism, Hospitality and Retail
  - Foundational/service sector
  - Growth in local micro and small businesses
  - Labour Market Alignment (i.e. engagement with inactives, challenges linked to an ageing demographic and decline in young people).

## **6.0 Proposed Strategic Growth Priorities**

6.1 Based on the Economic Framework, robust evidence and York and North Yorkshire's asset base, and in consultation, primarily with the two Local Authorities, the following Strategic Growth Priorities have been identified (note: growth priorities are not listed based on order of importance):

- **Increase productivity and innovation within the Food and Farming Sector;**
- **Maximise our science, knowledge, innovation and research strengths to drive growth in an Engineering Biology northern cluster;**
- **Create economic opportunities through the need to transition to Clean Energy;**
- **Enable technological and digital transformation through investment in Digital Infrastructure and Skills; and**
- **Accelerate Place-based Sustainable Development.**

## **6.2 Rationale for Each Strategic Growth Priority**

6.2.1 The below sets out the rationale behind each Strategic Growth Priority. Note that these draft priorities and the accompanying rationale have not yet been formally submitted to MHCLG and therefore do not have HMG approval.

6.2.2 **Growth Priority: Increase productivity and innovation within the Food and Farming Sector.** York and North Yorkshire will work with its Food and Farming cluster, including its research and development and academic assets, to increase productivity and improve food security through innovation in food production (e.g. vertical farming), technological improvements, increased trade and export, and skills and training.

- This priority primarily recognises the strengths for York and North Yorkshire across the whole food ecosystem, covering agriculture and farming, agritech, food and drink manufacturing and production and extensive research and development and innovation assets.
- York and North Yorkshire has diverse agriculture making it the perfect testbed for innovation. A substantial amount of land is dedicated to agriculture, covering all types of arable and livestock farming, alongside aquaculture opportunities from our coastline. The proportion of agriculture businesses in York and North Yorkshire is 4 times the level for England.
- There are a number of agritech businesses that drive food production based in the region. The Department for Business and Trade identified York and North Yorkshire as a '[High Potential Opportunity](#)' area for Controlled Environment Agriculture, with York and North Yorkshire classified as innovators in glasshouse and vertical farm construction, LED lighting and heating systems, crop and plant genetics.
- Globally recognised food and drink manufacturers are based here, including: McCains, Nestle, Quorn, Taylors of Harrogate and Heineken, to name a few. There is also a food manufacturing cluster at Leeming Bar. Food and drink is the largest manufacturing subsector within York and North Yorkshire and the proportion of people employed in food manufacturing here is nearly 3 times England's level.
- Askham Bryan, a dedicated agricultural and horticultural college is based here, alongside a number of other innovation and academic assets (e.g. Leading Agritech Centres).
- The natural beauty of York and North Yorkshire is one of the region's most distinct USPs. York and North Yorkshire is home to two national parks (North York Moors and the Yorkshire Dales) and three National Landscapes (Howardian Hills, Nidderdale and the Forest of Bowland), which provide an economic opportunity.

6.2.3 **Growth Priority: Maximise our science, knowledge, innovation and research strengths to drive growth in an Engineering Biology northern cluster.** York and North Yorkshire will support expansion of the Engineering Biology northern cluster by working with its science, knowledge, innovation, and research strengths and close collaboration with neighbouring regions, to ensure innovation in the lab translates to a commercial opportunity, with increased spinouts, scale ups and more science-based, higher wage job opportunities.

- Engineering Biology, also referred to as Industrial Biotechnology, is the Department for Business and Trade's term for describing the sectors that are enabling the decarbonisation of materials and processes by substituting fossil fuels for renewable bio-based materials.
- York and North Yorkshire's key assets within this sector are primarily linked to the science and academic institutions and our position at the heart of a northern cluster, closely linked to activity in Tees Valley and the Humber. From the University of York and BioYorkshire, and the internationally renowned Fera Science Ltd, to the open-access research facilities at the Biorenewables Development Centre.
- York and North Yorkshire is at the forefront of technologies such as sustainable alternatives to fertilisers, bio-based lubricants, bio-based cosmetics, alternative construction materials and textiles, Carbon Capture Under Sea (CCUS) and more.

**6.2.4 Growth Priority: Create economic opportunities through the need to transition to Clean Energy.** York and North Yorkshire will ensure the scale of decarbonisation needs for the area's energy systems translates into an economic opportunity through engagement with industry to develop innovative energy solutions, deliver skills and training such as retrofit, increase investment and become an exemplar for green finance.

- Both national and local ambitions have driven market opportunities within clean energy. York and North Yorkshire's ambition is to transition to carbon negative. As part of that transition, there is an estimated £23.1 billion investment opportunity to decarbonise York and North Yorkshire's energy system to reach net zero by 2034.
- York and North Yorkshire need to ensure that there are local supply chains in place and locally-owned models to capture and maximise this investment. As part of the Growth Plan development, further research and analysis will be undertaken to quantify the growth opportunity and how we maximise this locally.
- York and North Yorkshire's Local Area Energy Plans evidence that York and North Yorkshire has the potential to generate all the energy to power the region within its geographic boundaries. If this is locally owned and managed, York and North Yorkshire has the opportunity to be energy independent, protecting our residents and businesses from increasing energy costs.
- As part of the energy transition, there is also a massive building retrofit requirement locally. York and North Yorkshire contains a large proportion of homes that are very old (pre-1919); typically these are less well insulated and often more difficult to retrofit. As a result, York and North Yorkshire has a high proportion of homes with poor thermal efficiency – around 68% of homes have an EPC rating below C. Improving the efficiency of our homes creates an opportunity for the construction sector from both a skills and employment perspective and means warmer homes and reduced costs for our residents.



- A large number of heritage assets will need to be retrofitted within York and North Yorkshire. This is critical, both for the transition to carbon negative and to future proof these assets. Appropriate conservation will require specialist construction skills, such as stone masonry.

**6.2.5 Growth Priority: Enable technological and digital transformation through investment in Digital Infrastructure and Skills.** York and North Yorkshire, working with Government, will invest in digital infrastructure, particularly in rural areas, alongside digital skills, to enable greater development of technological solutions and products within Rail Innovation, Health and Social Care and Creative and Culture Sectors, which will support inward investment and higher wage job creation.

- Digital adoption has the potential to transform business efficiency, productivity and innovation. For York and North Yorkshire, there is a massive digital opportunity within the following sectors: Rail Innovation, Culture and Creative (e.g. Heritage Tech) and Health and Social Care (e.g. MedTech).
- The value of creative and culture sectors can be strengthened through greater emphasis on rapid technological advances, particularly AI and virtual reality. With York's UNESCO City of Media Arts status – one of only 25 cities in the world – and with world class assets like the new Institute for Safer Autonomy, York and North Yorkshire is well positioned to maximise this opportunity.
- There will be greater reliance on data within rail as rail and automotive networks are storing higher amounts of onboard personal and enterprise data. In rail, digital twinning will be used to monitor physical assets, train movements and passenger-related information across the rail estate. With a 160-year history of providing rail technology, infrastructure and education York and North Yorkshire have the experience and expertise to deliver global solutions across every aspect of the rail sector.
- Consumer demand for health and wellbeing services are increasing. An expanding and ageing world population and lifestyle diseases has driven greater emergence of MedTech and digital health services.
- Critically linked to maximising these opportunities is ensuring the right digital infrastructure and digital skills are in place.

**6.2.6 Growth Priority: Accelerate Place-based Sustainable Development.** York and North Yorkshire will accelerate and create new growth opportunities for employment, housing and sustainable, healthy communities supporting high quality places, through investment in infrastructure, such as transport, unlocking key employment and housing and enhancing construction skills and training.

- Long term and co-ordinated approach to growth and infrastructure planning is needed. Growth is not confined at a local level or by an administrative boundary. A place-based approach removes siloes from occurring between housing, transport and economic growth plans. Sustainable development

will support York and North Yorkshire’s global brand of being an attractive place to work, visit and live in.

- York and North Yorkshire need to meet ambitious housing targets. Government’s manifesto made a commitment of 1.5 million new homes in this Parliament, with greater emphasis on building in the Midlands and the North. Development will also be needed to meet emerging demand for employment land for new sector growth.
- Housing is unaffordable across most of the patch (with exceptions along the coast). The challenge is exacerbated by a low wage economy. Average rents are also unaffordable, particularly in York, where prices much closer reflect the South-East. The increasingly unaffordability of homes is driving young people and working age households elsewhere – this is most significant in our rural communities.
- There are a number of existing site opportunities within York and North Yorkshire available to address both housing and employment which could be accelerated. For example: York Central, Eggborough, Gascoigne and Maltkiln.

6.3 Skills is a critical enabler of growth, from sectoral training needs to cross-cutting requirements such as leadership and management. There is not a separate priority for skills as it should be integrated throughout the Local Growth Plan.

6.4 It is recommended that the Combined Authority approves these draft priorities in principle, enabling officers to continue to work closely with Government to develop a full Local Growth Plan.

6.5 There are ongoing discussions with MHCLG on the draft Strategic Growth Priorities, leading up to the Autumn Statement at the end of October. This may result in some amendments to the Strategic Growth Priorities. So, it is recommended that the Combined Authority provide delegated authority to the CA’s Chief Executive to approve any amendments that are required, in consultation with the Mayor and members of the CA.

## 7.0 Indicative Milestones

7.1 The key milestones have been identified below:

<b>Indicative Timeline</b>	<b>Activity</b>
<b>Stage One: Approval of Growth Priorities</b>	
2 <sup>nd</sup> October 2024	Approval on the Growth Priorities from the Combined Authority, in preparation for discussions and sign-off with MHCLG
Late October 2024	Autumn Budget Statement HMG agreement on 5 growth priorities
<b>Stage Two: Development of a full Growth Plan</b>	
Post Autumn Budget	MCA and HMG joint development of priorities Initial drafting of Local Growth Plan



	Engagement with wider stakeholders
January/February 2025	Early draft of the Local Growth Plan Initial Investment Pipeline
March/April 2025	Finalised detailed 5 Strategic Growth Priorities HMG Spending Review
May/June 2025	Finalised Local Growth Plan Finalise Investment Plan
May 2025	Delivery of the Growth Plan

## **8.0 Financial Implications**

8.1 There are no direct financial implications from the approval of the Strategic Growth Priorities. However, the resulting Local Growth Plan will help to shape financial decisions around the future investment priorities for the CA, providing a framework for discussion with Government around future investment and interventions.

8.2 In addition, a strong Growth Plan will be supported by a clear investment plan with investible business cases for early years investments. There will be a need to support the development of these investment plans and some business cases. The existing Combined Authority approvals for investment programmes in Net Zero, Town Centres, Business Innovation and Skills Innovation could support some of this activity. An existing delegated approval exists to the Chief Executive in consultation with the Mayor and Combined Authority Members to approve these.

8.3 Any additional requirements will be developed further and brought to the Combined Authority in November for approval.

## **9.0 Legal Implications**

9.1 There are no direct legal implications arising from approval of the Strategic Growth Priorities.

## **10.0 Equalities Implications**

10.1 It is not anticipated that the Strategic Growth Priorities will cause any negative impacts on equalities.

## **11.0 Environmental Implications**

11.1 It is not anticipated that there will be any negative implications from the Strategic Growth Priorities, but the overall ambition of the priorities is to support York and North Yorkshire's transition to a carbon negative economy (as identified in the original Economic Framework), so positive impacts are anticipated.

## **12.0 Combined Authority Areas Impacted (Council Areas/Wards/Divisions)**

12.1 The Strategic Growth Priorities cover the whole of York and North Yorkshire.

## 13.0 Recommendations

13.1 It is recommended that the Combined Authority approves the five draft Strategic Growth Priorities for submission to MHCLG:

- **Increase productivity and innovation within the Food and Farming Sector;**
- **Maximise our science, knowledge, innovation and research strengths to drive growth in an Engineering Biology northern cluster;**
- **Create economic opportunities through the need to transition to Clean Energy;**
- **Enable technological and digital transformation through investment in Digital Infrastructure and Skills; and**
- **Accelerate Place-based Sustainable Development.**

13.2 It is recommended that the Combined Authority delegates authority for the Combined Authority's Chief Executive to approve the draft Growth Priorities, including the provision for the approval of any minor amendments suggested by MHCLG, in consultation with the Mayor and Combined Authority Members.

13.3 It is recommended that the Combined Authority approves the transition of the Economic Framework, alongside the Strategic Growth Priorities, into the Local Growth Plan.

## 14.0 Reasons For Recommendations

14.1 The Strategic Growth Priorities are part of Government's requirement for CA's to produce Local Growth Plans. These draft priorities will set the basis for further collaboration with Government and opportunities to increase investment in York and North Yorkshire and remove barriers to growth.

## 15.0 Contact Details

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