West Yorkshire Combined Authority | Tracy Brabin Mayor of West Yorkshire

Report to:	Economy Scrutiny Committee
Date:	8 March 2024
Subject:	**Economic Strategy Update**
Director:	Felix Kumi-Ampofo, Director, Inclusive Economy, Skills and Culture
Author:	Jo Barham, Policy Manager

1. Purpose of this report

1.1 To update members on development of the West Yorkshire Economic Strategy and to elicit comments on emerging priorities.

2. Information

Background

2.1 West Yorkshire needs a new Economic Strategy to deliver on the vision and missions of the West Yorkshire Plan. This is a regional strategy and is being developed in partnership with the five West Yorkshire local authorities. It provides a regional framework that aligns to local district plans and strategies as well as northern, national, and international opportunities.

2.2 Producing the Economic Strategy has involved a wide-ranging programme of evidence collection and engagement. Work has included an external research commission on West Yorkshire sector strengths, an online public consultation, and a call for evidence through West Yorkshire Universities. Appendix 1 to this report provides a summary of the evidence collection and draft emerging priorities.

Economic Assessment

2.3 A comprehensive economic assessment considering the key drivers of productivity in West Yorkshire has been undertaken. This (along with supporting evidence) is being published in full on the Combined Authority website prior to the pre-election period. The analysis considers the overall performance of the West Yorkshire economy over the past 20 years, exploring the economic geography and local specialisms of the region. The evidence shows a **resilient, diversified, and polycentric economy that nevertheless has struggled to keep pace with national growth and productivity.** This has had an adverse effect on living standards.

Productivity

2.4 Major drivers of West Yorkshire's poor productivity performance include levels of skills and investment and inadequate connectivity. However, while the productivity gap is growing and projected to continue, within sector specialisms, productivity is closer to or higher than the national average.

2.5 West Yorkshire's diverse economy has pockets of specialisation spread across the region. There are positive examples of manufacturing specialisms with above average productivity alongside knowledge-based specialisms where productivity improvements are needed. These specialised clusters demonstrate the opportunity for productivity growth. West Yorkshire is a self-contained labour market, so these specialisms provide opportunity for people across the region.

Poverty

2.6 Around 35% or 820,000 West Yorkshire residents live in the 20% most deprived areas of England, according to the Index of Multiple Deprivation (IMD). Many of these areas are in towns and cities that, despite having high levels of productivity, do not translate to benefits for residents.

2.7 Poor health plays a role in the underperformance of the West Yorkshire economy with healthy life expectancy below the national average for both males and females. Around 350,000 people are economically inactive in West Yorkshire (160,000 of this is due to sickness or caring responsibilities) driving an employment gap with the national average particularly for women and ethnic minority groups.

Opportunity

2.8 School performance is especially weak for learners who quality for Free School Meals (FSM) and progression into Higher Education is below the national average. Young people not in education, employment or training (NEET) face an increased likelihood of unemployment, low wages, or low-quality work later on in life. The proportion of young people who are NEET in West Yorkshire increased between 2021/22 and 2022/23 and is above the national average.

The Enablers

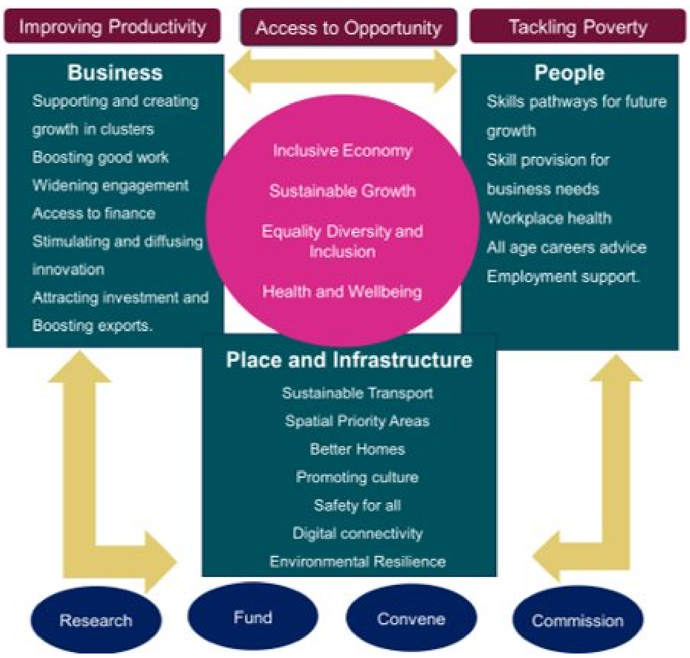
2.9 Connectivity is constraining West Yorkshire's economic growth and investment in transport infrastructure has not kept pace with need. Average commuting times have been increasing overtime. Furthermore, sectors that are expected to play an important role in closing the productivity gap, like advanced manufacturing or professional services report higher dissatisfaction with connectivity than average. Digital connectivity in West Yorkshire overall is strong, however there are pockets of underperformance, particularly in rural areas of Calderdale which must be addressed.

2.11 Despite levels being lower than the national average, house prices and rents have been rising faster than the national average in West Yorkshire, delivering new homes, in the right places, is necessary to keep West Yorkshire affordable to support attracting and retaining talent.

Emerging Conceptual Framework

2.10 The emerging conceptual framework for the Economic Strategy puts inclusive sustainable growth, and equality, diversity and inclusion at its heart, promoting health in all policies and building on our sector strengths. The framework aligns with the vision and missions of the West Yorkshire Plan against the pillars of productivity where we need to act.

2.11 The framework identifies direct action and priorities on business support and skills, while reflecting the role of major enablers and transformational opportunities for the region including mass transit, bus reform, the Better Homes Hub, the West Yorkshire Strategic Place Partnership and the implications of net zero including economic opportunities aligned to West Yorkshire sector strengths.



2.12 Detailed priorities are being developed across the focus areas of business, people, place and infrastructure. Draft business priorities are included in the Appendix 1 while work continues on other areas. Priority development is being informed by detailed policy work on infrastructure including a newly developed West Yorkshire Housing Strategy, the emerging Local Transport Plan, and a Digital Blueprint.

Next steps

2.11 The framework and draft priorities are being discussed with Combined Authority committees and will be refined into a draft summary to go out to consultation post-local elections. A panel of independent experts is advising on the evidence base and emerging priorities.

3. Tackling the Climate Emergency Implications

3.1 Takling the climate emergency is a driving principle of the Economic Strategy and reflected in the framework for action.

4. Inclusive Growth Implications

4.1 Inclusive Growth is a driving principle of the Economic Strategy and reflected in the framework for action.

5. Equality and Diversity Implications

5.1 Equality, Diversity and Inclusion is a driving principle of the Economic Strategy and reflected in the framework for action.

6. Financial Implications

6.1 There are no financial implications directly arising from this report.

7. Legal Implications

7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

8.1 There are no staffing implications directly arising from this report.

9. External Consultees

9.1 A questionnaire distributed via the Your Voice tool has been analysed with feedback helping to shape the emerging areas for action set out in Appendix 1.

10. Recommendations

10.1 That the members of Economic Scrutiny Committee note the progress made on the Economic Strategy and provide comments on the outlined approach and emerging priorities.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Economic Strategy Summary Pack