



Report to:	Employment and Skills Committee
Date:	14 March 2024
Subject:	Economic Strategy
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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

1. Purpose of this Report

- 1.1 To seek Committee members' views and share evidence and emerging priorities from the Economic Strategy in advance of a draft for consultation being produced.

2. Information

Background

- 2.1 Members were made aware in [October's meeting](#) that work is ongoing to develop a new Economic Strategy for West Yorkshire, reflecting the vision and missions of the West Yorkshire Plan. An emerging conceptual framework and draft priorities are now being developed.

West Yorkshire Economic Assessment

- 2.2 A comprehensive economic assessment considering the key drivers of productivity in West Yorkshire has been undertaken. Appendix 1 to this report provides a summary of the Economic Assessment with a particular focus on the skills data. The full economic assessment will be published on the Combined Authority website before the pre-election period starts.

Productivity

- 2.3 The analysis considers the overall performance of West Yorkshire 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.
- 2.4 West Yorkshire's diverse economy has some deep pockets of specialisation. There are positive examples of manufacturing specialisms with above average productivity, alongside knowledge-based specialisms where productivity improvements are needed. These specialised clusters provide an opportunity for productivity growth. As West Yorkshire can be said to be a largely self-contained labour market with around 90% of people working in the region also living in the region, these specialisms can bring benefits across the whole area.
- 2.5 Three of the major drivers of West Yorkshire's poor productivity performance are low levels of skills and investment and inadequate connectivity. A deficit of higher-level skills and employer-reported skills shortages are holding back economic growth.

Poverty

- 2.6 More than one in five people in West Yorkshire live in areas within the 10% most deprived in England, according to the Index of Multiple Deprivation (IMD). Many of these areas are in towns and cities that have high levels of productivity, but this has so far failed to translate into 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.

Access to Opportunity

- 2.8 School performance is especially weak for learners who qualify 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.

- 2.9 A skilled workforce is essential to an inclusive and productive economy. The skills challenges facing the West Yorkshire economy are well documented¹ including a significant deficit of higher skilled people - West Yorkshire needs 60,000 more higher qualified residents to match the performance of Greater Manchester, with employers reporting difficulty finding people with the right skills. At the same time, closing the productivity gap by solely addressing higher level skills will not necessarily improve wages for those at the lower end of the skills continuum.
- 2.10 To support aspirations for an inclusive economy, skills pathways will play an important role in enabling opportunity across the region. The proposed review of the skills system (a separate Committee Paper provides further details) and further devolution will support ambitions to fully integrate business and skills support working with local employers to understand their current and future skills needs and make sure schools, colleges, universities and training providers across the region deliver the right courses. This includes major infrastructure projects in the region such as Mass Transit and skills for a net zero economy.

The Enablers

- 2.11 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 with congestion in Leeds much higher than international peers in more productive second-tier cities. Furthermore, sectors that are expected to play an important role in closing the productivity gap, like advanced manufacturing and 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 and Kirklees.
- 2.12 Despite levels being lower than the national average, house prices and rents have been rising faster than the national average, delivering new homes, in the right places, is necessary to keep West Yorkshire affordable to support attracting and retaining talent.
- 2.13 Working with local authorities to ensure that there is adequate space to accommodate business growth reflecting existing Spatial Priority Areas² and emerging cluster opportunities across the region will be an important driver.

Emerging Conceptual Framework

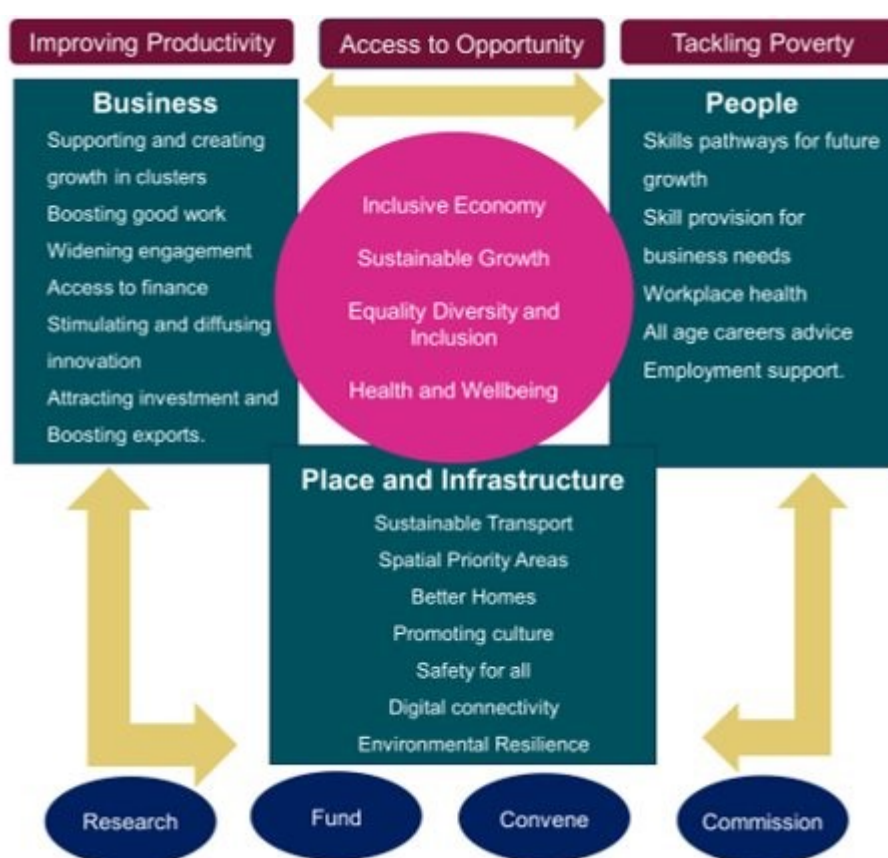
- 2.14 The emerging conceptual framework puts inclusive sustainable growth, and equality, diversity and inclusion at its heart, promoting health in all policies and building on our sector strengths as the driving focus for the Economic Strategy. The framework aligns with the vision and missions of the West Yorkshire Plan against the pillars of productivity

¹ [Microsoft Word - LMI report 2022 w covers \(westyorks-ca.gov.uk\)](https://www.westyorks-ca.gov.uk/media/10402/westyorks-ca-lmi-report-2022-w-covers)

² <https://www.westyorks-ca.gov.uk/media/10402/west-yorkshire-spatial-priority-prospectus.pdf>

where we need to act. Prioritisation must unpick the relationship between prosperity and inclusivity ensuring that all areas can benefit from the region's strengths.

- 2.15 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 and the West Yorkshire Strategic Place Partnership and the implications of net zero including economic opportunities aligned to West Yorkshire sector strengths.



- 2.16 Detailed priorities are being developed across the focus areas of business, people, place and infrastructure. Draft business priorities are included in the Appendix 2 while work continues on other areas. Priority development is being informed by more detailed policy work on infrastructure including a newly developed West Yorkshire Housing Strategy, the emerging Local Transport Plan, and a Digital Blueprint. What remains consistent and reflects the challenges and opportunities identified, is the need to approach this work and subsequent delivery in a holistic way that ensures that relationship between each element can be realised. In particular, priorities for skills and employment must ensure the system in West Yorkshire is effective and meets the needs of all who need it. These include:

- Working with local employers to better integrate business and skills support
- Building skills pathways aligned to areas of future growth and sector strengths.
- Promoting health in work to enable more people to enter, stay and progress in the labour market and in their careers.
- Ensuring that careers advice is linked to opportunities for the future across the region and that everyone has access to the information and insights they need.

2.17 Following committee feedback, a draft summary document will be shared.

3. Tackling the Climate Emergency Implications

3.1 Tackling the climate emergency is a guiding principle for the Economic Strategy reflected in the framework for action.

4. Inclusive Growth Implications

4.1 Mission one of the West Yorkshire Plan is for an Inclusive Economy with well paid jobs and is a driving principle of the Economic Strategy, reflected in the emerging conception framework.

5. Equality and Diversity Implications

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

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 members of the Committee note the content of the evidence summary included in Appendix 1 and emerging priorities set out in Appendix 2 and provide feedback on the following:



- What are the greatest socio economic challenges and opportunities in West Yorkshire?
- How can the competing needs be identified and prioritised?
- How can priorities be better aligned to commitments towards a sustainable and inclusive economic growth?

11. Background Documents

[Employment and Skills Committee - Thursday, 19th October, 2023 2.00 pm: Item 5 – Economic Strategy and Digital Blueprint](#)

12. Appendices

Appendix One: EVIDENCE SUMMARY PACK

Appendix Two: Summary document on emerging priorities