

ECONOMY SCRUTINY COMMITTEE

**MEETING TO BE HELD AT 10.00 AM ON FRIDAY, 15 SEPTEMBER
2023
IN CONFERENCE ROOM 1/2, WELLINGTON HOUSE, 40-50
WELLINGTON STREET, LEEDS, LS1 2DE**

A G E N D A

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- 1. APOLOGIES FOR ABSENCE**
To note apologies and confirm the quorum of 11 members is met.
- 2. DECLARATIONS OF DISCLOSABLE PECUNIARY INTERESTS**
- 3. POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC**
- 4. MINUTES OF THE LAST MEETING HELD ON 15 MARCH 2023**
(Pages 1 - 10)
- 5. CHAIR'S COMMENTS AND UPDATE**
- 6. SCRUTINY AND GOVERNANCE ARRANGEMENTS**
(Pages 11 - 28)
- 7. ECONOMY SCRUTINY WORK PROGRAMME**
(Pages 29 - 34)
- 8. LEP BOARD UPDATE**
(Pages 35 - 44)
- 9. ECONOMIC UPDATE AND NEXT STEPS**

(a) ECONOMIC OUTLOOK AND STRATEGIC CHALLENGES
(Pages 45 - 56)

(b) ECONOMIC STRATEGY AND NEXT STEPS
(Pages 57 - 62)

10. DATE OF THE NEXT MEETING - 17 NOVEMBER 2023

**MINUTES OF THE MEETING OF THE TRANSPORT &
 INFRASTRUCTURE SCRUTINY COMMITTEE HELD ON THURSDAY 15
 MARCH 2023 IN CONFERENCE ROOMS 1/2, WELLINGTON HOUSE,
 40-50 WELLINGTON STREET, LEEDS, LS1 2DE**

Present:

Councillor Aneela Ahmed	City of Bradford Council
Councillor Bob Felstead	City of Bradford Council
Councillor Helen Brundell	Calderdale Council
Councillor Audrey Smith	Calderdale Council
Councillor Gwen Lowe	Kirklees Council
Councillor Richard Smith (Chair)	Kirklees Council
Councillor Paul Davies	Kirklees Council
Councillor Gohar Almass	Leeds City Council
Councillor Colin Campbell	Leeds City Council
Councillor Ian Sanders	Wakefield Council
Councillor Tony Wallis	Wakefield Council

In attendance:

Mayor Tracy Brabin	West Yorkshire Combined Authority
Khaled Berroum	West Yorkshire Combined Authority
Anika Gilbert	West Yorkshire Combined Authority
Tom Purvis	West Yorkshire Combined Authority
Hannah Scales	West Yorkshire Combined Authority
Phil Witcherley	West Yorkshire Combined Authority

1. Apologies for absence

Apologies for absence were received from Councillors Tyler Hawkins, Zafar Iqbal, Andrew Hollyer, Isabel Owen, and Chris Pillai.

The meeting was confirmed as quorate, with 11 members present out of 11 needed for quorum.

2. Declarations of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

3. Possible exclusion of the press and public

There were no items requiring the exclusion of the press and public.

4. Minutes of the meeting held on 16 November 2022

Resolved: That the minutes of the meeting held on 16 November 2022 be approved.

5. Notes of the meeting held on 18 January 2023

Resolved: That the notes of the meeting held on 18 January 2023 be noted.

6. Chair's comments and update

The Committee received a verbal update from the Chair where the Chair welcomed the Mayor and reminded members of the pre-agreed topics and set out the structure of the meeting.

Resolved: That the Chair's verbal update be noted.

7. Mayor's Question Time

The Chair thanked Mayor Tracy Brabin and officers for attending Economy Scrutiny to answer the Committee's questions. Officers present to support the Mayor included Philip Witcherley, Interim Director of Inclusive Economy, Skills and Culture, Tom Purvis, Economic Analysis Manager, and Anika Gilbert, Policy Officer Employment and Skills.

The session was split into topic areas and members would be able to ask any questions under those topic areas, and any follow ups. The topic areas were: business support, engagement and investment, jobs, skills and training and funding, strategy, and projections.

Business Support, Engagement, and Investment

Small Businesses:

- There were 90,000 businesses in West Yorkshire, over 90% were SMEs and therefore it was an area the CA wanted to support because that was where growth could be maximised.
- Over the last year there had been numerous challenges namely Covid-19, cost of living crisis and energy crisis that had been dealt with, with some determination and at speed.
- Government had announced, prior to publishing the spring budget, that the household energy price guarantee will be extended until the end of June, however, no extensions or additional support was announced to support businesses with their energy bills.
- The manufacturing task force had made some recommendations which had made their way into our response to the cost-of-living crisis and energy crisis.
- The LEP was really reflective of SMEs and the most diverse LEP in the country. The Mayor was mindful that there were businesses not reaching out for help, the CA aimed to access these people and introduce these businesses to grants, loans and training.
- Particularly, women led start-ups were not accessing support in the way that they should, £6million was allocated for entrepreneurs and because of devolution the Mayor was able to allocate 50% of funds to

female entrepreneurs, 20% to entrepreneurs of colour and 3% of entrepreneurs with a disability.

City Centres:

- Leeds City Centre was one of the biggest to be hit by an economic impact by Covid-19 and the change in working patterns outside of London. Members were reminded of the Mayor's Fares which aimed to get more people travelling on buses (not helped by the reduction in routes). Rail had seen recovery of over 100% of pre-covid footfall on weekends which reiterated the need to invest in Leeds City Station and the city centre to make the city centre a family friendly activity hub.
- Innovation was a key element, for example supporting pubs to expand their offer by turning into music venues.
- There was a substitution effect where people were spending more time and money locally rather than travelling into the city centre.
- The Leeds City Centre office based footfall during the week took a substantial hit but we had seen some new office offers such as the Lloyds HQ which was re-locating within Leeds City Centre.

Covid-19:

- By working closely with local authorities and delivering a coordinated response through the Growth Managers the CA was able to support the business community through the Covid-19 pandemic.
- A West Yorkshire cake business pivoted from producing something in house to having an online business that resulted in being more successful during the Covid-19 period through the support the CA was able to provide.
- 100,000 payments, totalling £296m, were made via the Local Authority Grants (since November 2020).
- 13,500 payments, totalling £30m, were made via the Additional Restrictions Grant (since November 2020).
- 1,114 payments were made, totalling 2.8m, via the Covid-19 Recovery Grant.
- 400 Digital Resilience Vouchers (totalling £1.06m) were provided (via Leeds City Council).
- 1,350 businesses benefited from the Small Business Membership Scheme – allowing access to legal, HR, financial and wellbeing support (£300,000, via W&NY Chamber Mid-Yorkshire Chamber, FSB).
- 60 businesses benefitted from the Peer Learning Project (£90,000 via University of Leeds Business School)
- 160 businesses benefitted from the Cyber Security Support Scheme (£100,000, via North-East Business Resilience Centre)
- 180 businesses benefitted from the Business Resilience Webinars (£15,000, via Biskit).

Cost of Living and Energy Crises:

- Residents and communities have been supported directly through the Mayor's Fares, the Mayor's Cost of Living Emergency fund, which is providing £3m over 18 months to support vulnerable residents via the

charitable sector, and doubling investment in retrofit projects to improve energy efficiency for an additional 1,700 households (on top of 1,300 existing households).

- A number of webinars were delivered to 106 businesses in total which aimed to help small and medium businesses reduce their bills by being more energy efficient and sustainable.
- £1million was allocated to the Energy Price Emergency Grant scheme which provided short-term, high-impact interventions to help businesses with their energy costs. The grant scheme was aimed at businesses who had not traditionally been able to access our standard support structure, for example Business to Customer sectors such as retail, hospitality, and leisure.
- The grant scheme was in the early stages, however the number of applications getting approval was steadily increasing, and the first grant payments to businesses would be made in the next few days.
- The Excellent Relax Bed manufacturers in Kirklees was a good news story in that they had oversight from the CA on how they could 'green' their manufacturing processes and in doing so they received a fund to help them with their bills.
- 562 expressions of interest regarding the Energy Price Emergency Grant had been received to date. 337 applicants have moved to Stage 2 of the process, 106 applications sent to business and awaiting submission, 93 applications submitted and going through for approval, 31 Grants approved, and 4 businesses had submitted Grant Claims for payment, with a cumulative grant amount of £10,605.

Inward Investment Strategy and Activity:

- Creating 1,000 green, well-paid jobs is a key Mayoral pledge, but it is equally important that businesses, especially the energy-intensive manufacturing sector are able to pivot towards a net-zero economy as well. This was a priority for the Mayor and the Trade and Investment Team.
- The Trade & Investment Team take a proactive and strategic approach to winning investments in the priority sectors. This involves targeted trade missions and attendance at trade shows.
- The CA was often in competition with other places for inward investment, so it was important that our region was the most attractive.
- The trade mission to India in late 2022 resulted in Indian financial services corporate, Mphasis, announcing the creation of 1,000 green jobs over three years in the region. Mphasis had created between 250 and 300 new roles so far and were currently recruiting.
- Recent attendance at Arab Health in January 2023, led to several positive investment leads with organisations in Asia, Europe, and North America. It also provided several West Yorkshire health and life sciences businesses with a platform to attract new customers and explore overseas relationships.
- The Key Account Management Team are with PEXA, a globally recognised leader in FinTech, who were looking to open an office in Leeds from Spring 2023. The digital transformation of an intrinsic part

of the UK economy and financial sector would be spearheaded from West Yorkshire.

- Allied Glass are creating 25 new graduate jobs (60 in total), with £40m+ investment into the Leeds site, for a new building (making the site more environmentally friendly), new lines and a new furnace being installed to increase capacity also resulting in a 20% reduction in energy. The investment would see the recruitment of 25 graduates in a range of disciplines, including engineers, and would upskill the current workforce.
- UK Greetings in Kirklees are creating 66 new jobs with an £11m investment funding a significant reshoring project, moving vital parts of their Chinese manufacturing activities back into Kirklees (Dewsbury).
- PEXA (Australian FinTech company) in Leeds are creating 50 new, highly skilled jobs in FinTech and 300 jobs safeguarded. The Inward Investment Team have been working with PEXA to support their move into West Yorkshire and showcasing our region's strong economy, strengths in finance and FinTech, and world-class talent pool.

Creative New Deal and Creative Catalyst:

- The Creative New Deal sat across the Mayor's role as Police and Crime Commissioner so intervention with the Mayor's Community Safety Fund, where over £1million of the proceeds of crime would be given back by the Mayor towards community interventions. The money had been increased to £8k per project and a number of those projects had a creative element such as Safety in Music a Kirklees project.
- For the first time ever, an active committee had been set up with practitioners from across the region with a £15million allocation to the committee.
- The committee was supporting the ongoing festivals including approvals for funding for Leeds 2023 and Kirklees Year of Music. There were applications in for Wakefield, Calderdale, and Bradford City of Culture 2025. The Mayor emphasised the caveat of the need to see the rollover of someone that starts as an intern and progresses through their career and hones their talent and stays in the region.
- The Mayor talked about social prescribing, where as a musician you could also be paid to provide music for those with dementia or helping young people through depression. Enabling creatives in the sector to remain in the sector.
- The Creative Catalyst was in place supporting emerging artists and businesses to understand how they could pivot to export, increase productivity, and develop their learnings by sharing knowledge.
- This included sport as well as the creative sector.

Jobs, Skills, and Training

Hospitality Sector:

- Supporting the hospitality sector had been a combination of immediate financial support and training. There were interventions through the Growth Hub and training opportunities.

- The Mayor emphasised the importance of government devolving deeper powers in relation to skills and training. The CA understood what the region needed and could deliver specific skills training. The skills gap in West Yorkshire was substantial and the Mayor reiterated the potential benefit for the whole of the UK should the government give the CA further devolved powers over skills.
- The CA was working with the careers service, 80% of schools in West Yorkshire were now working with the CA to achieve Gatsby standards for careers advice so the CA could understand what the gaps were in West Yorkshire market and inform careers advisors so they in turn could pivot young people.
- The West Yorkshire Employment Hub supported 922 people into employment to date, 9.5% were in the hospitality sector.
- After the election period the CA would be announcing the Fair Work Charter which would be going live and bringing in businesses committed to the real living wage to ensure there was more money in people's pockets.

Green Job Creation Pledge:

- The CA has already received 1007 total job pledges from 63 employers from across West Yorkshire. From those jobs pledged by businesses, 256 green jobs have already been created. [As of 27th February 2023]
- Mott MacDonald was one of the CA's big green jobs creators .
- West Yorkshire had one of the only colleges of construction in the UK and they had recently taken on a new Vice-Chancellor (first woman Vice-Chancellor in the college of construction).

Apprenticeships:

- Businesses had provided feedback that employing an apprentice was too complicated, including aspects of working with the training organisation and releasing apprentices to go to college.
- The Mayor welcomed the CA's free apprenticeship levy share scheme. The CA was able to broker the upskilling of 10 early years workers to the next level for free, through Asda's transfer of underspend apprenticeship levy.
- The Mayor visited Pragmatic Digital during apprenticeship week, who also hired two apprentices using the levy share scheme.
- All local authorities saw growth in apprenticeship starts during 2021/22, ranging from a 3% increase in Bradford to 18% growth in Wakefield and 16% in Calderdale. The rates of growth in Kirklees (9%) and Leeds (8%) were similar to the West Yorkshire average.
- All local authorities had lower levels of apprenticeship starts in 2021/22 than pre-pandemic (2018/19). The number of higher apprenticeship starts was 28% higher than pre-pandemic for West Yorkshire.
- There had been areas of deficit in take up of apprenticeships in Business, Administration and Law (-23%), Engineering and Manufacturing Technologies (-26%), Retail and Commercial Enterprise (-32%) and Health, Public Services and Care (-12%).

- However, there had been an increase in Construction (+20%) and Information Technology (+14%) which both had higher levels of starts than pre-pandemic.
- Diversity of apprentices was an enormous challenge, Produmax in Bradford had an extremely diverse cohort of apprentices which is what the Mayor wished to see across the whole of West Yorkshire.
- The CA had 25 live apprenticeships at the current time. The Apprentice salary was grade D (starting salary of £19,867 - £22,688). There was a trial underway where junior staff were shadowing the Mayor, Deputy Mayor, Directors and Senior Leaders as well as facilitating student placements.

Engagement with Education:

- The Mayor regularly spoke to the Heads of Further Education (FE) colleges as the CA had recently taken on the responsibility for the region's £65m annual adult education budget. The CA could work with providers to ensure they are delivering the right courses for the region.
- The Mayor stressed that it was not just about Russell Group Universities it was also about the FE colleges.
- The Mayor met with FE Vice-Chancellors to discuss the challenges they were facing with energy costs and attracting teaching talent. Recently the CA had agreed to increase the Adult Education Budget funding rate to address inflationary pressures on colleges and training providers and guarantee high quality learning.

Over-50's Re-entering Workforce:

- There were too many people in West Yorkshire that were economically inactive, that is partly due to ill-health, too many people were on the waiting list for operations which was having an impact on our workforce more widely.
- In West Yorkshire, there were 344,000 people of working age who were economically inactive, of which, 128,000 were aged 50-64.
- On a national level, data was available that suggested many of those older workers now inactive had retired and were unlikely to return to the workforce at all.
- The Employment Hub, our FutureGoals website and the Skills Bootcamps (short term way of upskilling with modern skills) were available for people of all ages.
- The Research and Intelligence Team created a 'State of the Region' report every year which gave focus to particular sectors and taking the data from the team had been really helpful.
- The Mayor hoped that the new Inclusivity Champion would help with the unfair economic divide between our regions which would potentially help people back into work.
- There had been an increase of between 30 and 40 thousand over-50's becoming economically inactive in the 12 months to September 2022 compared to the pre-pandemic levels. The CA was seeing an increase in the out of work claimant count which was likely linked to the cost-of-living crisis.

- The importance of knowing the reasons over-50s may have left the workforce was emphasised.
- Development of co-operatives in the region so that individuals felt they had control over their working lives without external pressure which may have played a role in some over-50s leaving the workforce. The Mayor was working with Co-op UK and Growth Hub Managers to talk to businesses that might be struggling, rather than a management buyout, receive help to become a co-operative.

FutureGoals:

- West Yorkshire's award nominated all-age careers platform featuring resources to support young people (as well as their educators and carers) and adults in their decision making around upskilling, retraining, and finding available apprenticeship and employment opportunities had surpassed its targets and reached 3.2 million people in the 2021/22 financial year.

Childcare:

- The Mayor felt that the childcare model was not working. Women were stepping out of the workforce and couldn't return until their child was three and the Government funded 30 hours childcare was available, by which time you had slightly slipped in your skills.
- The Mayor questioned how much the rate would be, nurseries struggled because they couldn't make the economics work, the business needed to be supported as well as paying people properly to ensure high quality childcare.

Funding, Strategy, and Projections

Impact of Inflation:

- The Mayor hoped that the challenges around inflation had not impacted the Mayoral Pledges. Some projects were being reviewed and viability tested such as road focussed projects that would have worked 10 years ago. Pipelined projects were not 'stopped', projects identified as underway that could be pipelined would be picked up again once the next funding streams came through from government. £270million of projects were identified to be pipelined. It was also hoped that pipelined projects would help ease the difficult funding deadlines set by government so that more could be delivered.

Housing:

- On the back of people staying local and spending locally, bringing housing into city centres was important but it was a priority that housing was affordable and of adequate standard.
- The Mayor could have substantial influence on the Brownfield Funding pot, the CA could find expensive, blighted land and invest in the clearing of the land for developers.
- The CA was also going into partnership with Homes England which would unlock more leverage.

- Within the 5000 homes Pledge there was a sustainable element, there needed to be a bus stop so that people could use public transport and benefit from cheaper fares to get to work, and do not need to own a car.

The Mayor invited Members to contact the Mayoral Office with any further queries or specific queries relating to their corresponding wards.

Resolved: That the Mayor be thanked for attending, and the Committee's feedback and conclusions be considered further.

8. Work Programme

The Committee discussed the summary Work programme for the 2022/23 municipal year.

Resolved: That the appended summary 2022/23 Work Programme be noted.

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Report to: Economy Scrutiny Committee

Date: 15 September 2023

Subject: **Scrutiny and governance arrangements**

Director: Alan Reiss, Chief Operating Officer

Author: Khaled Berroum, Statutory Scrutiny Officer

1. Purpose of this report

- 1.1 To note scrutiny and governance arrangements pertaining to the Overview and Scrutiny function in general and the Economy Scrutiny Committee in particular.
- 1.2 To note terms of reference, scrutiny standing orders, quorum and substitute rules and meeting dates.

2. Information

Terms of Reference - Economy Scrutiny Committee

- 2.1 At the Annual Meeting, the Combined Authority resolved to appoint the Economy Scrutiny Committee, with the terms of reference as attached as **Appendix 1**. It also appointed two other scrutiny committees cover Transport/Infrastructure and Corporate.

Scrutiny Standing Orders and Constitution

- 2.2 The Combined Authority has a [constitution](#) and [Scrutiny Standing Orders](#) to manage and govern the rules and processes that Scrutiny is subject to. The standing orders are attached as **Appendix 2** and the constitution is linked under 'Background Documents'.

Meeting dates and quorum

- 2.3 As in previous years, four meetings have been agreed for each scrutiny committee for the 2023/24 municipal year, once every two months between September and March, with a work planning meeting in July. Furthermore, one meeting has been designated as a dedicated Mayors Question Time session. The meetings dates are as follows:

- 15 September 2023, 10am
- 17 November 2023, 10am
- 12 January 2024, 10am – Mayors Question Time
- 8 March 2024, 10am

2.4 The **quorum is set by legislation at two-thirds of voting members** and cannot be reduced. No formal decision, recommendation or resolution may be taken by an inquorate meeting, including approval of minutes. The quorum for a 16-member committee is 11. A member must be physically present to be counted in the quorum and all meetings must legally take place in person.

Membership

2.5 Legally speaking, a combined authority overview and scrutiny committee must reflect “so far as reasonably practicable the balance of political parties prevailing among the *constituent councils*¹ when taken together”.

2.6 The political balance requirements were recalculated following the 2023 local elections and it remained somewhat the same as previous years with little change overall. As there are three scrutiny committees, the political balance is calculated across the three committees to allow for the greatest level of representation of all parties which qualified. Of the 48 scrutiny members; 27 are Labour, 12 are Conservative, 6 are Liberal Democrat, 2 are Green and 1 is from an Independent Group (Morley Borough Independents).

2.7 All scrutiny members must be formally appointed at the Combined Authority’s annual meeting, in accordance with the nominations put forward by each council. Changes in scrutiny membership between Combined Authority meetings can be ratified by delegated responsibilities given to the Monitoring Officer and Deputy Monitoring Officer.

2.8 The Economy Scrutiny Committee members this year are as follows:

Member	Council	Party
Aneela Ahmed	Bradford	Labour
Bob Felstead	Bradford	Conservative
Zafar Iqbal	Bradford	Labour
Helen Brundell	Calderdale	Labour
John Ford	Calderdale	Conservative
Katie Kimber	Calderdale	Labour
Paul Moore	Kirklees	Labour
Gwen Lowe	Kirklees	Labour
Richard Smith	Kirklees	Conservative
Gohar Almass	Leeds	Labour
Colin Campbell	Leeds	Liberal Democrat
Matthew Robinson	Leeds	Conservative
David Pickersgill	Wakefield	Labour
Richard Hunt	Wakefield	Conservative

¹ Meaning West Yorkshire councils

Tony Wallis	Wakefield	Labour
Conrad Whitcroft	York	Labour

2.9 The committee welcomes the following as new members:

1. John Ford
2. Katie Kimber
3. Paul Moore
4. Matthew Robinson
5. Richard Hunt
6. David Pickersgill
7. Conrad Whitcroft

Scrutiny Chair

2.10 Current legislation requires a Scrutiny Chair to be from a different political party to the Mayor (or the party that “has the most representatives among the members of the constituent councils on the combined authority”). The current Mayor Tracy Brabin represents the Labour Party and therefore a Scrutiny Chair cannot be a member of the Labour Party. This principle also applies to any deputy chair.

2.11 Cllr Richard Smith was re-nominated and re-appointed by the Combined Authority as Chair of the Economy Scrutiny Committee and Cllr Bob Felstead was nominated and newly appointed as new Deputy Chair.

Substitutes

2.12 Scrutiny Standing Order 1 allows members of one scrutiny committee to substitute for members of other scrutiny committees, from the same party and district. Substitutes count in the quorum and can vote on behalf of the member they are substituting for. Members who do not have a member from the same party and district on another scrutiny, may appoint a full-time substitute – this year, these members are;

1. Colin Campbell, Lib Dem, Leeds – *substitute to be confirmed*

Code of conduct for members and declaring pecuniary interests

2.13 All members and substitutes are bound by the [Code of Conduct for Members](#) and have a legal responsibility to complete a Declaration of Pecuniary Interests form within 28 days of being appointed to the committee.

2.14 Other relevant information and documents relating to members (accessible on the Combined Authority’s website) include:

- [Members’ Allowance Scheme](#)
- [Member and Officer Protocols](#)
- [Procedure Standing Orders](#)

Statutory scrutiny guidance

2.15 The last statutory guidance ([‘Overview and scrutiny: statutory guidance for councils and combined authorities’²](#)) was issued by the government in May 2019. [Scrutiny Standing Order 16](#) obligates the Overview and Scrutiny Committee and the Combined Authority to have regard to any guidance issued by the Secretary of State. New and updated guidance

3. Tackling the Climate Emergency Implications

3.1 There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 The terms of reference require this, and all committees, to promote inclusive growth in its actions.

4.2 It is proposed that each decision-making committee continues to designate an Inclusivity Lead. This will ensure that equality, diversity, and inclusion is fully embedded in the objectives of the committees.

5. Equality and Diversity Implications

5.1 The terms of reference require this, and all other committees, to consider equality and diversity in its actions and decision making.

5.2 The diversity of the committee will be kept under review and steps will be taken, in future recruitment campaigns, to ensure as far as possible that the membership is representative of the population we serve.

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 No external consultations have been undertaken.

10. Recommendations

10.1 That the Economy Scrutiny Committee notes the scrutiny and governance arrangements for 2023/24.

² <https://www.gov.uk/government/publications/overview-and-scrutiny-statutory-guidance-for-councils-and-combined-authorities>

11. Background Documents

[Scrutiny Standing Orders](#) (Part 4, Section 6 of the Constitution) (2023/24)

[Constitution, West Yorkshire Combined Authority](#)

All other governance documents for the Combined Authority can be found [here](#).

[‘Overview and scrutiny: statutory guidance for councils and combined authorities’](#) (7 May 2019, Ministry of Housing, Communities and Local Government - MHCLG)

12. Appendices

Appendix 1 – Economy Scrutiny Committee Terms of Reference

Appendix 2 – Scrutiny Standing Orders

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Part 3

Section 2.3 - Terms of Reference

Economy Scrutiny Committee

The Economy Scrutiny Committee is authorised in relation to any function related to:

- business, economy and innovation,
- climate, energy and the environment,
- culture, heritage and sport, and
- employment and skills:
 1. To review or scrutinise any decision made, or other action taken, in connection with any Non-Mayoral Function¹ or Mayoral General Function of the Combined Authority.²
 2. To make reports or recommendations to the Combined Authority, with respect to any Non-Mayoral Function of the Combined Authority.
 3. To make reports or recommendations to the Mayor, with respect to any Mayoral General Function of the Combined Authority.
 4. To make reports or recommendations to the Combined Authority or the Mayor on any matter that affects the Combined Authority's Area or the inhabitants of the Combined Authority's Area³. To receive and monitor responses to any report or recommendation made by the Economy Scrutiny Committee.

¹ Including in relation to the Combined Authority's role as the accountable body for the Leeds City Region Enterprise Partnership (the LEP)

² In relation to a decision made but not implemented, this includes:

- the power to direct that a decision is not to be implemented while it is under review or scrutiny by the Economy Scrutiny Committee, and
- the power to recommend that the decision be reconsidered in accordance with the Scrutiny Standing Orders

³ This includes any matter considered by the LEP

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Part 4 – Procedure Rules

Section 4.6 – Scrutiny Standing Orders

1. Membership

- 1.1. Members of an overview and scrutiny committee are appointed in accordance with Article 8 (Overview and Scrutiny) in Part 2 of the Constitution.
- 1.2. A member of any overview and scrutiny committee may substitute for any member of a different overview and scrutiny committee from the same party and district.
- 1.3. Where a member has no substitute alternate from the same party and district on another overview and scrutiny committee, an additional substitute from the same party and district may be nominated and appointed to act as their substitute.
- 1.4. A Substitute may only act in the absence of a member where the member will be absent for the whole of the meeting.
- 1.5. A Substitute may not exercise any special powers or duties exercisable by the member for whom they are substituting¹.

2. Voting

- 2.1. Each member of an overview and scrutiny committee, or of any overview and scrutiny sub-committee, appointed from a Constituent Council has one vote.
- 2.2. Any member of an overview and scrutiny committee, or of any overview and scrutiny sub-committee, appointed from the Non-constituent Council is non-voting unless the Combined Authority has resolved to give such a member voting rights.
- 2.3. All questions coming or arising before an overview and scrutiny committee or an overview and scrutiny sub-committee shall be decided by a simple majority of the members present and voting on the question.
- 2.4. No member of an overview and scrutiny committee or sub-committee has a casting vote.
- 2.5. If a vote is tied on any matter, it is deemed not to be carried.

3. Chair

- 3.1. The Combined Authority will appoint the Chair of any overview and scrutiny committee, see further Article 8 (Overview and Scrutiny) in Part 2 of the

¹ Special powers or duties include any chairing responsibilities. A substitute may exercise any voting rights exercisable by the member for whom they substitute.

Constitution².

- 3.2. The Chair of any overview and scrutiny sub-committee will be appointed by the appointing overview and scrutiny committee.

4. Conflicts of Interest

- 4.1. No member of an overview and scrutiny committee nor of a sub-committee may scrutinise a decision (whether or not implemented) in which they were directly involved as a member of the committee or sub-committee which made the decision.
- 4.2. Such a member may only attend the overview and scrutiny committee or sub-committee to:
 - make representations,
 - answer questions, or
 - give evidence about the decision.

5. Quorum

- 5.1. At least two-thirds of the total number of members of any overview and scrutiny committee or sub-committee must be present at a meeting before business may be transacted.

6. Working Groups

- 6.1. An overview and scrutiny committee or sub-committee may appoint a working group to contribute to and inform the scrutiny process, including by making recommendations.

7. Work Programme and referral of matters to an Overview and Scrutiny Committee or Sub-Committee

- 7.1. Each overview and scrutiny committee or sub-committee will set its own work programme.
- 7.2. The Combined Authority, any of its committees or the Mayor may ask an overview and scrutiny committee to review any matter or assist in developing budget and policy proposals, provided that the request is made in writing to the Scrutiny Officer, who will ensure that the matter is included in the agenda for, and discussed at, a meeting of the committee or sub-committee.
- 7.3. The following matters may be referred to an overview and scrutiny committee:
 - a) A member of an overview and scrutiny committee may refer to the committee any matter which is relevant to the functions of the committee,

² The Combined Authority may appoint the Deputy Chair of an overview and scrutiny committee, but if no such appointment is made, the committee may appoint a Deputy Chair.

- b) A member of an overview and scrutiny sub-committee may refer to a sub-committee any matter which is relevant to the functions of the sub-committee,
- c) A Combined Authority Member may refer to an overview and scrutiny committee any matter which is relevant to the function of the committee and is not an excluded matter; and
- d) any member of a Constituent Council or the Non-Constituent Council may refer to an overview and scrutiny committee any matter which is relevant to the functions of the committee and is not an excluded matter.

7.4. Where a matter is referred to an overview and scrutiny committee by any member under Standing Order 7.3 (c) or (d) above, in considering whether to review or scrutinise a matter referred to the committee, the committee must have regard to any representations made by the member referring the matter as to why it would be appropriate for the committee to review or scrutinise the matter. If the committee decides not to review or scrutinise the matter, it must notify the member of its decision and the reasons for it.

7.5. An overview and scrutiny committee must provide a member with any copy of any report or recommendations which it makes in connection with any matter referred to it by the member under Standing Order 7.3 (c) or (d) above.

7.6. The LEP may seek input from an overview and scrutiny committee on any issue relating to policy and strategy development or otherwise. Any such request must be put forward to the Scrutiny Officer in the first instance, who will ensure that the matter is included in the agenda for, and discussed at, a meeting of an overview and scrutiny committee or sub-committee.

8. Scrutiny of the LEP

8.1. The LEP and the Combined Authority (as the accountable body for the LEP) have agreed that the Combined Authority's scrutiny arrangements extend to the LEP, in accordance with these Standing Orders.

8.2. The LEP has agreed to share information with any overview and scrutiny committee or sub-committee, so that the committee or sub-committee can provide robust scrutiny and advice.

8.3. The contribution of the LEP to any meeting of an overview and scrutiny committee or sub-committee will be recorded with the outcome in the minutes of the meeting.

9. Meetings

9.1. Overview and scrutiny committees will schedule regular meetings and meet as often as required to effectively discharge their functions.

9.2. An extraordinary meeting of an overview and scrutiny committee may be called by:

- the Chair of the committee, or
- any five members of the committee from at least two different Constituent Councils.

10. Attendees

10.1. An overview and scrutiny committee or sub-committee may require the Mayor or any other Combined Authority Member or an officer³ of the Combined Authority to attend before it to answer questions⁴ or to provide information about any matter within its terms of reference.

10.2. Where a committee or sub-committee requires the Mayor or any other Combined Authority Member or officer to attend, the Scrutiny Officer shall inform that person in writing giving at least 5 clear working days' notice of the meeting. The notice will state:

- the date of the meeting they are required to attend,
- the nature of the item, and
- whether they must produce any papers for the committee.

10.3. The Mayor, any other Combined Authority Member, or officer must comply with any notice they are given.

10.4. Where, in exceptional circumstances, the person is unable to attend on the required date, the overview and scrutiny committee shall consult with the person to arrange an alternative date.

10.5. An overview and scrutiny committee or sub-committee may invite other people⁵ to attend any meeting to:

- address it,
- provide information,
- discuss issues of local concern, and/or
- answer questions.

10.6. Each member of an overview and scrutiny committee or sub-committee will be given the opportunity to ask attendees questions, contribute and speak.

³ The expectation is that this would be the Combined Authority's Chief Executive or other senior officer who has exercised delegated authority in respect of an issue, or their nominee.

⁴ A person is not obliged to answer any question which the person would be entitled to refuse to answer in or for the purposes of proceedings in a court in England and Wales.

⁵ Including any Co-optee; members and officers from Constituent Councils, the Non-Constituent Council or other councils within the Leeds City Region; any member of the LEP Board; members of the public; any other stakeholders, advisors or assessors. The committee may pay any advisers, assessors and witnesses a reasonable fee and expenses.

10.7. Attendees assisting the committee must be treated with respect and courtesy.

11. Reports and Recommendations

- 11.1. An overview and scrutiny committee or sub-committee may make reports or recommendations to the Combined Authority⁶ or the Mayor.
- 11.2. If an overview and scrutiny committee or sub-committee cannot agree a final report, a minority report may be prepared and submitted as an appendix to the majority report.
- 11.3. An overview and scrutiny committee or sub-committee may publish any report or recommendations, subject to Standing Order 13.
- 11.4. Where in the opinion of an overview and scrutiny committee, any report or recommendation relates significantly to any LEP activity or to LEP governance, the report or recommendation shall also be submitted to the LEP Board for consideration in a timely manner. Any response of the LEP Board shall be reported back to the overview and scrutiny committee or sub-committee which made the report or recommendation⁷.
- 11.5. Where in the opinion of an overview and scrutiny committee, any report or recommendation is of particular significance to any Constituent Council or the Non-Constituent Council over and above any other Council, the report or recommendation shall also be submitted to that Council for consideration. Any response of that Council shall be reported back to the overview and scrutiny committee or sub-committee which made the report or recommendation.

12. Notice

- 12.1. An overview and scrutiny committee or sub-committee may by notice require the Combined Authority or the Mayor within 2 months of receiving any report or recommendations or (if later) the notice, to:
 - consider the report or recommendations,
 - respond to the overview and scrutiny committee or sub-committee indicating what (if any) action the Combined Authority or the Mayor proposes to take,
 - publish the response, if the overview or scrutiny committee or sub-committee has published the report or recommendations, subject to Standing Order 13 below.

⁶ All references to the Combined Authority in Standing Order 11 should be taken as including a reference to any relevant committee with authority to consider and respond to reports and recommendations on behalf of the Combined Authority. The Scrutiny Officer shall in consultation with the Chair of an overview and scrutiny committee determine whether a report or recommendation shall be considered by such a committee or by the Combined Authority.

⁷ Where a notice has been served on the Combined Authority in accordance with Standing Order 12, any response of the LEP Board shall also be reported to the Combined Authority.

- 12.2. The Combined Authority or the Mayor must respond to a report or recommendations made by an overview and scrutiny committee or a sub-committee, within 2 months beginning with the date on which the Combined Authority or Mayor received the notice, and subject to Standing Order 13 below.

13. Publishing a Document: Confidential and Exempt Information

- 13.1. Standing Order 13.2 applies to the publication of any document comprising a report or recommendations of an overview and scrutiny committee or sub-committee, or a response of the Combined Authority or the Mayor to any such report or recommendations.
- 13.2. In publishing the document the overview and scrutiny committee, sub-committee, the Combined Authority or the Mayor must exclude any confidential information⁸ and may exclude any relevant exempt information⁹, see further the Access to Information Rules in Part 4 of the Constitution.
- 13.3. When providing a copy of a document, the overview and scrutiny committee, sub-committee, the Combined Authority or the Mayor may exclude any confidential information or relevant exempt information.
- 13.4. Where information is excluded, the overview and scrutiny committee, sub-committee, the Combined Authority or Mayor:
- may replace so much of the document as discloses the information with a summary which does not disclose that information, and
 - must do so if, in consequence of excluding the information, the document published would be misleading or not reasonably comprehensible.

14. Call-In of Decisions

- 14.1. The following decisions may be called-in for scrutiny:
- any decision of the Combined Authority¹⁰ or of any decision-making committee of the Combined Authority¹¹, and
 - any Key Decision taken by the Mayor, other Combined Authority Member (on behalf of the Mayor) or an officer.

with the exception of:

⁸ This has the meaning given by section 100A (3) of the Local Government Act 1972.

⁹ This means exempt information of a description specified in a resolution of the overview and scrutiny committee or sub-committee or the Combined Authority which applied to the proceedings, or part of the proceedings at any meeting at which the report was or recommendations were considered.

¹⁰ Including in relation to the Combined Authority's role as the accountable body for the LEP.

¹¹ With the exception of the Governance and Audit Committee.

- any decision which the decision-maker has resolved is urgent¹².
 - any decision relating to approving or amending governance arrangements.
- 14.2. **Five members of the overview and scrutiny committee** to include **at least one member from two different Constituent Councils** may call-in a decision eligible for call-in by notifying the Scrutiny Officer by 4pm on the **fifth working day** following publication under Standing Order 14.3 or 14.4.
- 14.3. The Head of Legal and Governance Services shall publish details¹³ of any decision taken at a meeting of **the Combined Authority or committee** eligible for call-in within **2 clear working days** of a meeting.
- 14.4. Any other **Key Decision taken by the Mayor, a Combined Authority Member** (on behalf of the Mayor) **or** taken by **an officer** will be published as a written record within **2 clear working days** of the decision being made, see further Article 13 (Decision Making) in Part 2, and the Access to Information Rules in Part 4 of the Constitution.

15. Implementing and Scrutinising Decisions which are Eligible for Call-In

- 15.1. An urgent decision may be implemented immediately¹⁴.
- 15.2. Any other decision of the Combined Authority or a committee, or Key Decision taken by the Mayor, any other Combined Authority Member (on behalf of the Mayor) or an officer may be implemented after **midday** of the **sixth clear working day** after the publication of the decision, unless it is called-in.
- 15.3. On receipt of a call-in request, the Scrutiny Officer shall:
- notify the decision-maker¹⁵ of the call-in,
 - consult with the Chair of the relevant overview and scrutiny committee about whether to issue a direction under Standing Order 15.4 below, and
 - call a meeting of the overview and scrutiny committee, to scrutinise the decision.
- 15.4. Where a decision is called-in, the Scrutiny Officer, in consultation with the Chair of the relevant overview and scrutiny committee, may direct that the decision is not to be implemented while it is under review or scrutiny by an

¹² A decision will be urgent if any delay likely to be caused by the call-in process would prejudice the Combined Authority's, any Constituent Council's or the public's interests.

¹³ To members of the relevant overview and scrutiny committee.

¹⁴ The Scrutiny Officer must report such decisions to the next available meeting of the relevant overview and scrutiny committee, together with the reasons for urgency.

¹⁵ That is, (for Non-Mayoral Functions) each Combined Authority Member, or the members of the relevant committee or the relevant officer, or (for Mayoral General Functions) the Mayor or other Combined Authority Member or officer.

overview and scrutiny committee, for a period not exceeding 14 days from the date on which the direction is issued.

- 15.5. An overview and scrutiny committee must scrutinise the decision within 14 days of the Scrutiny Officer receiving the request for call-in, or before the expiry of any direction, if earlier.
- 15.6. Where an overview and scrutiny committee has scrutinised a decision, it may recommend that the decision is re-considered by the decision-maker¹⁶. Any decision which is recommended for re-consideration may not be implemented while any direction under this Standing Order is of effect, except in accordance with Standing Order 15.7 below.
- 15.7. The Scrutiny Officer will notify the decision-maker¹⁷ of the outcome of the scrutiny by the overview and scrutiny committee, within **2 clear working days** of the meeting. Where the decision has not been recommended for re-consideration, it may be implemented on receipt of this notification.
- 15.8. The decision-maker must reconsider any decision not later than 10 days after the date on which the recommendations of an overview and scrutiny committee are received.
- 15.9. The Chair of the overview and scrutiny committee or their nominee may attend any meeting which is re-considering the decision, to present the report or recommendations¹⁸.
- 15.10. The decision-maker may confirm, amend or rescind the decision. Their response should be published in accordance with Standing Order 13.
- 15.11. A decision which has been confirmed or amended by the decision-maker may be implemented immediately.

16. Guidance of the Secretary of State

- 16.1. An overview and scrutiny committee or sub-committee must have regard to any guidance issued by the Secretary of State¹⁹.

17. Statutory Scrutiny Officer

- 17.1. Any references in these Standing Orders to the Scrutiny Officer are to the

¹⁶ The Scrutiny Officer shall in consultation with the Chair of the overview and scrutiny committee determine whether a report or recommendation relating to a decision of an officer or a committee in respect of Non-Mayoral Functions is considered by the Committee (where the decision falls within its terms of reference) or the Combined Authority. A report or recommendation relating to a decision of the Combined Authority shall be considered by the Combined Authority. In relation to Mayoral General Functions, the Mayor should be asked to consider any report or recommendation.

¹⁷ Notification of the outcome shall be provided to each Combined Authority Member, or of any relevant committee, or to the relevant officer.

¹⁸ The Chair must notify the Scrutiny Officer that they intend to attend the meeting 3 clear working days before the meeting. The Mayor should invite the Chair or their nominee to present the report or recommendations to them.

¹⁹ Under Local Democracy, Economic Development and Construction Act 2009 Schedule 5A paragraph 2(9).

officer designated as such by the Combined Authority, see further Article 12 (Officers) at Part 2 of this Constitution.

17.2. The Combined Authority shall not designate an officer of any Constituent Council as Scrutiny Officer for the Combined Authority.

17.3. The statutory functions of the Scrutiny Officer are:

- to promote the role of any overview and scrutiny committee or sub-committee,
- to provide support and guidance to any overview and scrutiny committee or sub-committee and its members, and
- to provide support and guidance to members of the Combined Authority in relation to the functions of any overview and scrutiny committee or sub-committee.

17.4. The Scrutiny Officer shall also facilitate appropriate scrutiny of LEP decision-making and achievements.

18. Additional Rights of Access to Documents

18.1. Additional rights of access to documents for members of any overview and scrutiny committee or sub-committee are set out in the Access to Information Rules in Part 4 of the Constitution.

19. Public Notice of Proposed Key Decisions

19.1. Provisions relating to the public notice of proposed Key Decisions are set out in the Access to Information Rules in Part 4 of the Constitution.

20. Interpretation

20.1. The Chair of an overview and scrutiny committee meeting or sub-committee meeting shall make any final decision at that meeting about:

- how the Scrutiny Standing Orders should be interpreted with respect to the conduct of the meeting, or
- any question of procedure not provided for by the Scrutiny Standing Orders.

20.2. The Head of Legal and Governance Services shall make any final decision about how to interpret any Scrutiny Standing Order outside of a formal committee or sub-committee meeting.

Document version control

Municipal Year:	2023-24
Version:	1 - 23/24
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Date:	22 June 2023
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Report to: Economy Scrutiny Committee

Date: 15 September 2023

Subject: **Economy Scrutiny Work Programme 2023/24**

Director: Alan Reiss, Chief Operating Officer

Author: Khaled Berroum, Statutory Scrutiny Officer

1. Purpose of this report

- 1.1 To discuss and agree the Economy Scrutiny Work Programme for 2023/24.
- 1.2 To consider any additional agenda items, formal referrals to scrutiny, reviews, call in, and any other tasks, issues or matters the Committee resolves to undertake or consider further.

2. Information

Economy Scrutiny Work Programme 2023/24

- 2.1 The Work Programme is set at the beginning of the year and considered at each meeting where it can be amended and changed as the year progresses. It outlines the work the Economy Scrutiny Committee has agreed to undertake, investigate, and focus on in the municipal year (June 2023 – June 2024) within the resources, remit, and powers available.
- 2.2 This year the Work Programme was set over the summer following an initial work planning meeting between Members in July, and subsequent discussions between the Scrutiny Chairs / Deputies, Scrutiny Members, scrutiny officers and the lead directors and officers for each committee. During discussions, amongst other things, they considered:
 - The Committee's remit and terms of reference
 - Combined Authority's main strategic priorities and the Mayors Pledges
 - The committee's work last year and what should be rolled over
 - Major ongoing and upcoming challenges for West Yorkshire residents
 - Members' areas of expertise and interests
 - The number of meetings: three, excluding Mayors Question Time, each being two hours long

- 2.3 The resultant draft work programme is attached at **Appendix 1** for amendment and/or confirmation.

Referrals to scrutiny

- 2.4 Under Scrutiny Standing Order 7, any Scrutiny Member, any Combined Authority Member, or any elected Member of a West Yorkshire council (or the City of York Council) may formally refer a matter to the Committee for consideration. The referral must be in writing to the Statutory Scrutiny Officer. The Committee must then consider and discuss the referral and respond to the referrer explaining whether or not it will consider the matter further and why.
- 2.5 There are no formal referrals for this committee to consider.

Key decisions and call in

- 2.6 Scrutiny members may call in any decision of the Mayor, Combined Authority, a decision-making committee, and any key decisions taken by an officer (with the exception of urgent decisions). Key decisions are defined as any decision incurring a financial cost or saving of £1 million or more, or a decision likely to have a significant effect on two or more wards.
- 2.7 Decision-makers have two days to publish notice of a decision, at which point scrutiny members have five working days to call in the decision, delaying its implementation, and formally requiring the decision maker to reconsider.
- 2.8 Any five members of a scrutiny Committee – including at least one member from two different constituent councils (West Yorkshire) – may call-in a decision by notifying the Statutory Scrutiny Officer in writing by 4.00 pm on the fifth working day following publication of a decision notice. The relevant scrutiny committee then has 14 days to scrutinise the decision and make recommendations. Further information is set out in Scrutiny Standing Order 14.
- 2.9 The latest key decisions and forward plans of key decisions are published and available for viewing on the [key decisions section of the Combined Authority's website](#).

Actions for the Statutory Scrutiny Officer

- 2.10 As outlined in Scrutiny Standing Order 17, the statutory scrutiny officer provides support to a scrutiny committee's work programme and all scrutiny members in exercising their scrutiny duties and fulfilling their objectives.

3. Tackling the Climate Emergency Implications

- 3.1 There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report.

5. Financial Implications

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

6. Legal Implications

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

7. Staffing Implications

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

8. External Consultees

8.1 No external consultations have been undertaken.

9. Recommendations

9.1 That the Committee discusses and agrees the Economy Scrutiny Work Programme for 2022/23.

10. Background Documents

None.

11. Appendices

Appendix 1 – Economy Scrutiny Work Programme

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Economy Scrutiny Work Programme 2023/24

Topic	Sub-topics/focuses	Dates
Economic outlook and strategic challenges	<p><u>Current situation/data:</u></p> <ul style="list-style-type: none"> • Latest data and economic outlook since last year e.g. economic figures, inflation, cost of living effects • Any comparisons with neighbouring regions with overlapping economic footprints e.g. NY and GM. <p><u>Current/persistent challenges:</u></p> <ul style="list-style-type: none"> • Continuing post-pandemic challenges: effects on town centres / hospitality businesses and plans to deal with this (e.g. shopfront grants, cultural exhibitions, IT/study areas); changes in work habits and effects of people being able to work remotely on local economies and other areas. • Persistent economic challenges: NEETs, people 'missing' from data, part time work trends, over-50s/retirees returning to work, green sector/skills growth and preparation, manufacturing in need of support, inter-regional imbalances in economic growth/jobs within WY, and retention of talent within WY. <p><u>New/Future challenges:</u></p> <ul style="list-style-type: none"> • AI, automation, green/decarbonisation (+ any other disruptions?) which have accelerated recently and their potential consequences on the regional economy, businesses and jobs. • Are we prepared for these challenges? Can we get ahead of other MCAs/areas and position ourselves as leaders in these emerging markets? • Potential conflict between productivity/growth/tech advancement vs job creation/community/place/diversity considerations. <p><u>Economic Strategy update:</u></p> <ul style="list-style-type: none"> • How we are addressing the above challenges through the economic strategy + current thinking/progress + timeline for finalisation and adoption 	<p>15 September 2023 – intro and main discussion</p> <p>12 January 2024 – minor update on strategy (before MQT)</p> <p>8 March 2024 – update on final strategy</p>
Adult Education Budget, Schools and Training Providers	<ul style="list-style-type: none"> • Update on last year's AEB performance and this year's spending and outputs. • School engagement and young people opportunities and apprenticeships • Apprenticeships and non-university career routes 	17 November 2023
Business investment and outcomes (including culture + creative industries) and	<p><u>Business investment:</u></p> <ul style="list-style-type: none"> • How we are investing in businesses and generating outcomes <p><u>Culture and creative industries:</u></p>	8 March 2024

<p>performance monitoring/outputs/funding</p>	<ul style="list-style-type: none"> • A mayoral objective, an increasing percentage of the region's economy and upcoming/recent city of culture events (in Bradford and Leeds) <p><u>Performance monitoring and KPIs</u></p> <ul style="list-style-type: none"> • Monitoring achievement of economy targets/KPIs from the corporate plan. • "Follow the money": where is funding coming from, how is it spent, what are the revenue opportunities. • Inter-regional levelling up, avoidance of Leeds-centricity, ensuring certain areas/towns are not forgotten, place-based element of targets/KPIs e.g. number of jobs/houses/businesses supported in different districts 	
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Report to: Economy Scrutiny Committee

Date: 15 September 2023

Subject: **LEP Board update**

Director: Felix Kumi-Ampofo, Director of Inclusive Economy, Skills & Culture

Author: Sarah Bowes, Interim Head of Business

1. Purpose of this Report

- 1.1 To provide the Economy Scrutiny Committee with an update on the government's changes to LEPs (local enterprise partnerships) and the Combined Authority's plans to strengthen private sector engagement and partnerships as a result of national policy changes.

2. Information

- 2.1. This report includes the report that was submitted to the Combined Authority meeting on 7 September outlining the changes to LEPs and the Combined Authority's plans.

- 2.2 See attached appendices:

1. Appendix 1 – CA Report (7.9.23) "Strengthening Private Sector Engagement"
2. Appendix 2 – Letter from Minister outlining changes to LEPS (dated 4.8.23)

3. Tackling the Climate Emergency Implications

- 3.1. There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

- 4.1. There are no inclusive growth implications directly arising from this report.

5. Equality and Diversity Implications

- 5.1. There are no equality and diversity implications directly arising from this report.

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. No external consultations have been undertaken.

10. Recommendations

10.1. To note and discuss the appended reports.

11. Background Documents

None.

12. Appendices

Appendix 1 – CA Report (7.9.23) “Strengthening Private Sector Engagement”

Appendix 2 – Letter from Minister outlining changes to LEPS (dated 4.8.23)



Report to: West Yorkshire Combined Authority

Date: 7 September 2023

Subject: **Strengthening Private Sector Engagement**

Director: Felix Kumi-Ampofo, Director of Inclusive Economy, Skills & Culture

Author: Sarah Bowes, Interim Head of Business

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 provide the Combined Authority with an update on local plans to strengthen private sector engagement and partnerships as a result of national policy changes.

2. Information

National context

- 2.1 In 2011, LEPs were established by the then Department for Business, Innovation and Skills to tackle growth challenges faced by various regions in the country. The LEPs initially took over some tasks previously managed by the then regional development agencies when the latter ceased operations in March 2012.
- 2.2 Since their creation, LEPs have played a pivotal role in fostering growth in local areas and ensuring regional economic policy is aligned with the direction of the private sector.
- 2.3 On 4 August 2023, Dehenna Davison MP (Minister for Levelling Up) and Kevin Hollinrake MP (Minister for Enterprise, Markets and Small Business) wrote to LEP Chairs, CA Mayors, Local Authority Leaders, and the Mayor of London (Appendix 1).

- 2.4 Following the Spring Budget 2023 announcement that Government was "minded to" withdraw core funding for LEPs from April 2024, Government has now confirmed that decision after the conclusion of its information gathering process on this proposal.
- 2.5 The functions of LEPs are to be transferred to Local Authorities in areas where they are not already being delivered by Combined Authorities or the Greater London Authority (this includes the Leeds City Region Enterprise Partnership).
- 2.6 Government will provide "some revenue funding" to Local Authorities and Combined Authorities in 2024/25 to support the transition and help with delivering functions currently carried out by the LEPs. Funding beyond this period is subject to future Spending Review decisions.

Local implementation

- 2.7 The Leeds City Region Enterprise Partnership (LEP) has worked to unlock West Yorkshire's vast economic potential since 2011 by enabling business and enterprise to thrive. Working with public and private sector partners, the LEP has provided support and funding to help businesses grow, attract new investment to the region and develop the skills, energy and digital infrastructure to create jobs and prosperity.
- 2.8 The LEP secured the £1 billion-plus Local Growth Deal, the largest such deal in the country, with Government to help transform the Leeds City Region economy through infrastructure, housing and business support.
- 2.9 West Yorkshire (and the wider Leeds City Region) has a strong history of joint and close working between the public and private sector. Since its formation in 2011, this has been embodied directly through the LEP (which had direct delivery responsibilities from central Government), and also with working relationships with business representative groups (such as the Chambers of Commerce, the CBI, FSB and IoD), sector representative groups (Made UK, etc), as well as with individual businesses and companies supported by LEP business growth funding or advice.
- 2.10 This relationship is seen nationally as best practice and the Combined Authority agreed to build on this track record of success and the principles which underpin that success. This means that the MCA has meaningful input from the private sector, Voluntary and Community Sector, Higher Education and Further Education sectors into:
 - Shaping overall economic and inclusive growth strategy, ensuring the policies can translate into meaningful action.
 - The need for Equality, Diversity and Inclusion considerations to be at the heart of all policies, projects and actions.
 - The MCA business support offer, and its promotion and delivery.
 - Promoting and facilitating inward investment, trade missions and export work.

- Ensuring that skills and employment support is focused on local labour market needs.
 - Ensuring that workers' rights and conditions are kept in frame.
- 2.11 At the March 2023 LEP Board meeting, the Board received an update on its evolving role with an emphasis on ensuring that the strong partnership between the public and private sector is further strengthened.
- 2.12 Since that meeting, the Combined Authority begun the process of integrating the LEP with the committees and is continuing to explore how best to maintain and grow a strong private sector voice by considering:
- Transitioning from the LEP Board to a new Business Board with a new chair. This board will be the primary source of business advice to the Mayor and Combined Authority and will influence policy and strategy to meet the current and future needs of the economy.
 - The new Board Chair also acting as the Lead Mayoral Business Advisor. Private sector board members would also be assigned specific portfolios, relevant with their expertise and interest.
 - A new “wider” business council made up of business leaders from across the region to further expand the CA's relationship with the private sector and help to shape policy. This would be convened by the Mayor.
 - Refreshing the CA's perspective on the most effective way to meaningfully engage with the private sector, including how to ensure a deeper relationship with the business rep groups.
 - How best to meaningfully engage with the third sector without duplicating existing local arrangements and efforts.
 - The possible creation of a new WY level board for systems leadership
- 2.13 CA Board members will be fully engaged through this process. The Inclusive Economy, Skills and Culture directorate of the Combined Authority will lead this process and ensure the relationship with business and the private sector remains effective and productive.
- 2.14 The new Board members were announced at the previous Combined Authority meeting in July 2023 and are listed below.
- Annette Joseph MBE – Diverse and Equal
 - Jane Atkinson CBE – Infinium UK Ltd
 - Sherin Matthew – AI Tech Ltd
 - Aaron Holt – Holdson Ltd
 - Lisa Johnson- Starship Technologies
 - Natalie Sykes – James Wilby
 - Nicky Chance -Thompson – Piece Hall (formally co-opted member)

- Asma Iqbal – Chadwick Lawrence LLP (formally co-opted member)
- Fara Butt – Shire Beds (formally co-opted member)

They join the existing private sector members of the board who are:

- Mandy Ridyard – Produmax
- Kully Thiarai – Leeds 2023
- Kamran Rashid – Impact Hub, Bradford
- Professor Shirley Congdon – University of Bradford

2.15 The Mayor and the Leaders of Bradford, Calderdale, Kirklees, Leeds and Wakefield are permanent members. The new Board Chair (to be appointed in the early autumn 2023) and the Board members will agree its new name and terms of reference.

3. Tackling the Climate Emergency Implications

3.1 There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

4.1 There are no inclusive growth implications directly arising from this report. Though it should be noted that it is proposed that inclusive growth will remain a key priority for the new board and business council.

5. Equality and Diversity Implications

5.1 It is proposed to maintain the focus on equality and diversity within the LEP constitution and EDI will remain a key priority for the new board and business council.

6. Financial Implications

6.1 It should be noted that core funding from Government for LEPs nationwide will be withdrawn from April 2024.

6.2 “Some revenue funding” will be provided by Government to support this transition in 2024/2025 but funding after this period will be subject to future Spending Review decisions.

7. Legal Implications

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

7.2 Legal and governance implications regarding changes to the constitution and governance model of the LEP were set out in the March LEP Board meeting.

8. Staffing Implications

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

9. External Consultees

9.1 No external consultations have been undertaken.

10. Recommendations

10.1 That Combined Authority members note the latest Government position on LEPs.

10.2 That Combined Authority members note the steps being taken to transition LEP functions into the Combined Authority and strengthen the relationship with the private and third sectors.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

1. Transfer of Local Enterprise Partnership (LEP) core functions to combined and local authorities

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Department for Levelling Up,
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Department for
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Kevin Hollinrake MP
**Minister for Enterprise,
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To: LEP Chairs, Combined Authority Mayors,
Local Authority Leaders, and the Mayor of London

4th August 2023

Dear all,

TRANSFER OF LOCAL ENTERPRISE PARTNERSHIP (LEP) CORE FUNCTIONS TO COMBINED AND LOCAL AUTHORITIES

At [Spring Budget 2023](#), the Chancellor announced that the Government was 'minded to' withdraw central government support (core funding) for Local Enterprise Partnerships (LEPs) from April 2024 and transfer their functions – namely, business representation, strategic economic planning, and the delivery of government programmes where directed – to local authorities, where they are not already being delivered by combined authorities or the Greater London Authority.

We wrote to you on 17th March 2023 to launch an information gathering exercise on the practical implications of this proposal. We would like to thank you for your participation in this. A [summary of the findings](#) has been published today on gov.uk.

Following the conclusion of this exercise, we are now writing to you to confirm our 'minded to' decision. From April 2024, the Government's sponsorship and funding of LEPs will cease. The Government will now support local and combined authorities to take on the functions currently delivered by LEPs. Where not already delivered by a combined authority, or in areas where a devolution deal is not yet agreed, the Government expects these functions to be exercised by upper tier local authorities, working in collaboration with other upper tier local authorities over functional economic areas as appropriate. Alongside this decision, we have published [technical guidance](#) for LEPs and local authorities to support them through this policy change.

The information gathering exercise identified overlap between some of the functions being discharged by LEPs, local authorities and combined authorities, as well as confirming that there is already a high level of integration of LEP functions in Mayoral Combined Authority areas. The exercise also highlighted the different perceived levels of benefit and engagement between LEPs and local authorities. The Government's

view is that there is likely to be scope for greater join-up, efficiencies, and clarity for the private sector by these functions being discharged within Mayoral Combined Authorities, devolution deal areas and upper tier local authorities, working together as appropriate.

The Government will therefore provide some revenue funding to local and combined authorities in 2024/25 to support them in delivering the functions currently delivered by LEPs. We will provide further detail of this support in due course. Funding beyond 2024/25 is subject to future Spending Review decisions.

Reiterating the message we sent to LEPs in March, we would like to thank LEPs and their staff for their hard work in supporting and driving local economic growth across England since 2011. We remain enormously appreciative of all the work LEPs have done in advising and supporting businesses and local decision makers for more than a decade, including through EU Exit and the COVID-19 pandemic. We would again like to thank those LEPs that have played an important role over the last year in helping areas broker new devolution deals and prepare Investment Zone bids.

The Government remains committed to our goal that by 2030, every area in England that wants a devolution deal will have one. By empowering local democratically elected leaders to deliver these key local growth functions from April 2024, we are accelerating the integration process set out in the Levelling Up White Paper.

With every good wish,



Dehenna Davison MP

Minister for Levelling Up, Department for Levelling Up, Housing & Communities



Kevin Hollinrake MP

Minister for Enterprise, Markets and Small Business, Department for Business & Trade

Report to: Economic Scrutiny

Date: 15 September

Subject: **Economic update and challenges**

Director: Alan Reiss, Chief Operating Officer

Author: Thomas Purvis (Economic Analysis Manager)
Peter Glover (Economic Evidence Manager)

1. Purpose of this report

- 1.1. To provide supplementary evidence in support of the emerging West Yorkshire economic strategy.

2. Information

Latest economic outlook

- 2.1 In August, the Bank of England increased interest rates to 5.25% from 5%, by a margin of 6-3 (2 of the 3 opposition voters wanted to increase rates by 50 basis points to 5.5%). As part of the decision, a Monetary Policy Report was released which provided an update to economic forecasts by the Bank, as well as explanations why. These are below:
- Inflation is expected to be around 5% by the end of this year and is then forecast to fall to 2% by Q2 of 2025.
 - Food inflation is expected to be considerably above 5% still by the end of this year (expectations from BoE agents is that it will be between 9 and 10%).
 - GDP growth has been downgraded to 0.5% in 2024 (down from 0.75%) and 0.25% in 2025 (down from 0.75). There has been an increase in expectations for 2023 from 0.25% to 0.5%.
 - Unemployment is expected to hit 4% by the end of this year, 4.5% by the end of 2024 and 4.75% by the end of 2025 (worse than forecast in May).

- A 2-year 75% LTV mortgage has an interest rate on average of 6.25% now, up 1.5% since May.
- 2.2 CPI in the 12 months to July 2023 was 6.8%, down from 7.9% in June (this does not mean that prices are falling, just that they are increasing less quickly). Challenges remain, however. Whilst CPI for goods slowed from 8.5% to 6.1%, service sector CPI increased from 7.2% to 7.4%. Core inflation (CPI minus energy, food, alcohol, and tobacco) remained unchanged at 6.9%. Food inflation has slowed down but continues to be in the double digits. It was 17.4% in the 12 months to June but fell to 14.9% in the 12 months to July. Anecdotally, petrol and diesel prices have started to increase again recently, after prices declined for much of the last 3 to 6 months.
- 2.3 On the 25 August, Ofgem announced the new Energy Price Cap for October to December 2023. The cap has fallen from £2,074 for July to September to £1,923 for October to December. It should be noted that some households will pay more than this, as the figure quoted above is for the average household use.
- 2.4 Households are responding to the increased interest rates and increased cost of living. In July, a net £400m was deposited with banks and building societies. For context, in October 2022 net deposits were around £9bn. Whilst net deposits are very low relative to historic rates, inflows into interest-bearing saving accounts are also higher than they have been for much of the prior decade due to the relatively higher interest rates on offer.

Persistent challenges

- 2.5 Sub-regional productivity figures for 2021 were recently released by the ONS. Between 2016 and 2021, GVA per hour worked in the UK increased from £33.50 to £38.30 (+14.3%), compared with an increase from £28.90 to £33 in West Yorkshire (+14.2%). Productivity challenges have continued to be a problem for the UK and West Yorkshire economy, as set out in more detail in the evidence pack for the Economic Strategy. However, the gap between West Yorkshire and the UK has increased when compared to pre-Financial Crisis levels.
- 2.6 West Yorkshire's underperformance on productivity is reflected in its performance on pay. Average pay in West Yorkshire is lower than the UK average; it has grown at a similar rate in recent years, but the deficit is not narrowing. As of July 2023, median monthly pay for employees in West Yorkshire was £2,144, 94% of the UK average of £2,274. The equivalent figure for Bradford is only 89%, whereas it rises to 98% in Leeds and 97% in Wakefield. Pay (unadjusted for inflation) has grown strongly in the 12 months to July 2023, by 8% for both West Yorkshire and nationally. At local authority level growth was strongest in Bradford (+9.5%) and Wakefield (8.9%). Pay has grown by 15% both nationally and at West Yorkshire level since the re-opening of the economy in July 2021. In recent months pay growth has been largely driven by increases for white collar jobs in the private sector.

2.7 The claimant count measures the number of people claiming benefits primarily because they are unemployed. After climbing steeply in 2020 with the onset of the pandemic, the claimant count fell steadily between early 2021 and late 2022. Since then, the number of claimants has increased at a modest rate reflecting the general economic difficulties. The West Yorkshire current count for July 2023 of 70,835, is 3,500 or 5% higher than in October 2022 but also 25% higher than its pre-pandemic level in February 2020. The claimant rate (ratio of claimants to the working age population) is lowest in Wakefield (3.6%) and highest in Bradford (6.6%), the latter having one of the highest rates of any local authority in England and well in excess of the national average of 3.8%.

Economic inactivity

2.8 Rising participation in the labour force was a key driver of economic growth during the 2010s but this was reversed by the pandemic. Twenty-three per cent of working age people in West Yorkshire are economically inactive compared with a national average of 21%. Inactivity in the region has been consistently above the national average since the global financial crisis and has increased in the aftermath of the pandemic. The current level of inactivity in West Yorkshire (based on Annual Population Survey for January to December 2022) is 35,000 or 11% higher than the equivalent figure in 2020 for working aged people and the rate has increased by more than two percentage points. Inactivity has increased fastest for those aged 50 to 64 and for people who are inactive due to long-term sickness. More timely figures at national level show that overall inactivity is now on a downward trend although the number of people who are inactive due to long-term sickness continues to grow and is at record levels.

2.9 There is a strong argument that efforts to raise labour market participation should extend beyond engaging the cohort of older workers who have left the labour force since the pandemic in an effort to encourage them to return; since this group includes a significant proportion who retired early from well-paid jobs and have housing wealth and private pensions to draw on. Moreover, many of this group left the labour market more than a year ago and the evidence suggests that this reduces the likelihood of them returning. Arguably, policy should instead adopt a broader focus, seeking to engage women with children, those affected by ill-health and disability and the broader range of older people.

NEETs

2.10 Based on the latest published figures, there was an average of 3,500 young people aged 16 and 17 who were Not in Education, Employment or Training (NEET) or whose status was not known in West Yorkshire during the months of December 2022 to February 2023. This equates to 6.2% of all 16- and 17-year-olds known to their respective local authorities, which is above the England average of 5.2%. The prevalence of NEETs varies across West Yorkshire local authorities, with some below the national average and some well above. Between 3% to 4% of 16- and 17-year-olds in Calderdale, Kirklees and Wakefield are NEET or not known, with the proportion increasing to around 7% in Bradford. The proportion is highest in Leeds at 9%, which is

similar to Liverpool and Sheffield (9% and 8% respectively) but higher than Manchester (6%).

- 2.11 The number and proportion of young people NEET or not known in West Yorkshire increased for the second successive year in 2022/23. The number increased by 420 or 14%, whilst the proportion of the cohort increased by 0.6 percentage points, from 5.5% to 6.2% (figures appear inconsistent due to rounding). Four out of five local authorities saw an increase in their number of NEETs in 2022/23, although the growth in Kirklees was marginal in absolute terms. Wakefield was the only local authority where the count of NEETs fell. Nationally, the increase in the number of young people NEET and not known in 2022/23 was similar to West Yorkshire at 14%.
- 2.12 Young people from an ethnic minority group are, in general, less likely to become NEET in West Yorkshire. Around 5% of young people from an ethnic minority were NEET or not known as of December 2020, compared with 6% of white young people. Asian / Asian British and Black / Black British groups both had rates below the overall average, although the proportion of young people with a mixed or multiple ethnic background who were NEET or not known was above average at 8%.
- 2.13 Nine per cent of young people with special education needs and disability (SEND)¹ and 9% of young people in receipt of SEN support² were NEET or not known as of December 2020 compared with 6% of the overall cohort.

Vacancies

- 2.14 Recruitment demand in West Yorkshire has been stronger than nationally since the pandemic and remains at high levels. There are some signs that the labour market is “softening” (e.g., the recent increase in the claimant count) but overall, the West Yorkshire labour market has remained resilient, and continues to outperform the national average in terms of recruitment activity. The monthly volume of online job postings in West Yorkshire in July 2023 was 157% higher than the average for 2019, whereas the equivalent national growth figure was only 82%. The monthly count was also 13% higher in July 2023 than in July 2022 compared with a national average increase of 7%.
- 2.15 Leeds accounts for nearly half of total vacancies (online job postings) in West Yorkshire. It also has by far the highest ratio of job postings to current employment in West Yorkshire, reflecting the fact that it has one of the most vibrant labour markets of any city in the north of England. It has a relatively tight labour market, as reflected in the ratio of job postings to unemployed claimants. However, Leeds’ vacancy levels have been slower to recover and grow in the aftermath of the pandemic.

Economic imbalances within West Yorkshire

¹ A child or young person has special educational needs and disabilities if they have a learning difficulty and/or a disability that means they need special health and education support.

² Support given in school or college, such as speech therapy.

- 2.16 There are significant socio-economic imbalances at local authority level within West Yorkshire. As the focal point of the regional economy, Leeds is typically the highest ranked of the five local authorities with regard to key economic indicators. This includes gross value added per head (Leeds is above the national average on this measure), employment rate, productivity level (value of output per hour worked), proportion of people qualified at a higher level and gross disposable household income per head. Leeds also has the most vibrant and tightest labour market in West Yorkshire (see above). Conversely, Bradford is often the worst performing of the five local authorities against many of these same key indicators. Calderdale, Kirklees and Wakefield tend to occupy the space between these two extremes, although they have distinctive strengths and weaknesses. For example, Calderdale has the highest density of private sector businesses relative to population whilst Wakefield has the highest average workplace pay in West Yorkshire. These differences are explored in more detail in the [State of the Region 2022 report](#), which is currently being updated for October 2023 publication.
- 2.17 Differences at local authority level conceal important patterns at small area level. According to the English indices of deprivation 2019, 22% of neighbourhoods in West Yorkshire are among the 10% most deprived nationally, more than twice its “fair share” of deprived neighbourhoods. This rises to more than a third of neighbourhoods in Bradford. However, 24% of Leeds’ neighbourhoods fall into the most acutely deprived decile, even though it has the highest proportion of neighbourhoods in West Yorkshire falling into the least deprived categories, demonstrating the large degree of socio-economic polarisation within Leeds.

Changes in work habits and effects of people being able to work remotely on local economy

- 2.18 Home and hybrid working is now a significant feature of working practice. According to figures from November 2022, around 9% of workers in West Yorkshire work exclusively from home, 31% work from home sometimes (hybrid) and 59% do not work from home at all. More than half of hybrid workers commute the full-time-equivalent of between 1 and 3 days a week. Although the prevalence of hybrid and home working had fallen slightly from six months earlier, the expectation among respondents was that exclusive home working might in future see a small reduction but this would be more than offset by an increase in hybrid working [COVID-19 Transport Survey Wave 1 \(westyorks-ca.gov.uk\)](#)
- 2.19 These changes in working patterns are also reflected in other data. Weekday footfall at Leeds rail station is currently around three-quarters of its pre-pandemic level, whilst Leeds’ weekday radial traffic count is 13% below pre-pandemic. In addition, around 8% of total vacancies (online job postings) advertised in 2022 were for jobs with a facility to work remotely, rising to 9% for West Yorkshire vacancies (source: Lightcast).
- 2.20 The shift to remote working has had significant impacts on the economy. . Workers are spending more time in the residential neighbourhoods in which they live, and less time in the city centres where they work with consequences for locally consumed services, such as cafes, hairdressers and retail shops. It is

estimated that working from home will reallocate £3 billion in retail and hospitality spending from city centres to residential neighbourhoods in England and Wales. However, City centre activity will not necessarily be replaced by corresponding new outlets in the areas where people live and work remotely. These areas, where demand for locally consumed services has increased, can be affected by constraints on supply such as planning restrictions, low population density of the area and the availability of suitable accommodation.

- 2.21 The impact of these trends on West Yorkshire has been significant. According to one [study](#), Leeds City Centre is the worst-affected area outside London with an estimated spending reduction of £35m per annum (-6%) and a loss of employment of 21,000 (including loss of 1,000 retail and hospitality jobs).
- 2.22 In the first half of 2023, 951 hospitality businesses (defined as Accommodation or Food and Beverage Service Activities) went into liquidation across West Yorkshire. This is 20% greater than the second half of 2022 when 793 went into liquidation, and 40% greater than the first half of 2022 when 682 went into liquidation. However, there is still overall growth in the number of businesses in this sector. In the first half of 2023 1,208 new hospitality businesses were registered in West Yorkshire. This is 35% higher than the number of hospitality start-ups in half one 2022 and half two 2022, which each had 894 new registrations.

Potential impact of artificial intelligence (AI)

- 2.23 The Combined Authority is working with Y-PERN (Yorkshire & Humber Policy Engagement & Research Network, an academic network) on a call for evidence to support development of the emerging Economic Strategy (see paper xx), part of this work includes consideration of the future of work and specifically the impact of AI in West Yorkshire. Therefore, the following provides an interim assessment which will be supplemented with additional evidence at West Yorkshire level.
- 2.24 Artificial intelligence (AI) is the ability of machines to perform tasks that are typically associated with human intelligence, such as learning and problem-solving. Its key applications include web search engines such as Google, recommendation systems such as those used by Amazon, speech recognition systems such as Siri and more recently generative and creative tools such as Chat GPT. AI models based on big data and machine learning can now supply answers to problems where formal rules are impossible to codify, and where humans have until recently had a comparative advantage in inferring decisions from their training or past experiences.
- 2.25 There is a significant level of **uncertainty surrounding the current and future impact of AI in the labour market**, as well as the most suitable policy actions to promote an effective and equitable use of AI. AI represents a marked departure from previous examples of automation in that it significantly expands the range of tasks that can be automated beyond routine, non-cognitive tasks and it is a general-purpose technology that will have a widespread impact on sectors and occupations. Its speed of development (particularly the latest wave

of generative AI such as Chat GPT) is also unprecedented contributing to the limited understanding of its future impact at this stage and adding to its potential for disruption.

- 2.26 **Higher-skilled occupations are most exposed to recent advances in AI**, including: business professionals; managers; science and engineering professionals; and legal, social and cultural professionals. This extends the potential scope of automation considerably beyond what had previously been possible, and it is primarily higher-paid occupations requiring higher than average education or training, whose core functions rely on accumulated experience to reach decisions, that are most exposed to AI. Higher skilled occupations of this kind have been the chief source of net employment growth in the national economy and at West Yorkshire level in the last two decades.
- 2.27 There is **little evidence** from the national and international literature **to show a negative impact from AI on employment levels so far**, which may reflect the low adoption of AI technologies as well as a reliance on voluntary workforce adjustments by business rather than redundancies. There is some evidence that AI creates new tasks and jobs for higher skilled workers who have the capability to work with AI. Available data suggests that the overall impact of AI on productivity has also been limited to date but case study evidence examining specific applications of generative AI finds larger effects on productivity.
- 2.28 The **strongest impact** of AI has so far been **on job quality**. On the one hand it can reduce tedious tasks leading to greater worker engagement; on the other it can change the way work is monitored and managed impacting workers' privacy and autonomy in the workplace. The automation of simple task can also leave workers in a more intense, higher-paced environment. AI is being used to support recruitment decision and its adverse impact in terms of bias could be far greater by virtue of the volume and velocity of the decisions it takes, which could systematise and multiply bias, with a particular impact on socio-demographic groups who are often disadvantaged in the labour market already.
- 2.29 Turning to the AI sector itself, estimates by the DataCity suggest that there are around 3,000 UK companies, employing 129,000 people and total turnover of £45bn. Roles in the sector offer pay that is 19% higher than the average salary. With average company growth per year of 6% the AI sector offers significant economic opportunities. However, AI firms have not received additional investor attention in recent years and the amount of venture capital funding is not increasing as fast as for other emerging economy sectors. West Yorkshire has a substantial number of businesses operating in the AI sector and as detailed in the forthcoming Digital Blueprint this presents a significant opportunity for the region. According to analysis by the DataCity there are 93 AI-focused businesses in West Yorkshire, with combined turnover of £220m. To set this in context, however, Manchester local authority, one of the few AI hotspots outside London and the southeast of England, has 92 businesses with combined turnover of £789m.

- 2.30 Artificial intelligence presents a range of issues with regard to economic inclusion. The impact of these issues could be different in character to the effects of previous waves of automation.
- Workers with AI skills who actively develop or maintain AI systems earn a substantial wage premium, even over similar workers with in-demand skills (for example, software skills).
 - Workers who use AI but are not directly involved in its development may in future find themselves squeezed into a shrinking set of simpler tasks, which could put downward pressure on their wages (although there is no empirical evidence of this happening so far). There could be a significant impact on the pay and career opportunities of well-educated professional workers, whose roles are susceptible to displacement by AI, in contrast to previous rounds of automation, which principally affected people in lower and intermediate skilled occupations in administration and also unskilled and semi-skilled manual roles.
 - So-called algorithmic management of workers can lead to higher work intensity, reduced human interaction and an impact on privacy where use of AI involves data collection on workers or how they do their job.
 - There is also a risk that AI systems can multiply and systematise human bias in decision-making around the treatment of workers.
 - AI can also increase accessibility and job satisfaction for workers traditionally disadvantaged in the labour market, such as workers with disabilities (e.g., through use of live captioning systems for deaf and hard of hearing people).

Impact of green economy / decarbonisation

- 2.31 There are a number of ways in which the green economy can be defined. In a study recently commissioned by the Combined Authority a mission-based approach was adopted, reflecting the approach taken by the national Green Jobs Taskforce. This means defining the green economy around activities that play a significant role in achieving net zero and other environmental objectives. The mission-based definition comprises 8 broad policy categories as follows:
- Climate adaptation
 - Green professional and research services
 - Homes and buildings
 - Industrial decarbonisation
 - Low carbon transport
 - Natural environment
 - Power
 - Reduce, reuse, recycle and repair.
- 2.32 The study estimates total employment of 73,000 across these eight categories in West Yorkshire. This is equivalent to 7% of total employment in the region, which is slightly higher than the national average of 6%.
- 2.33 The biggest categories in employment terms include Power – with 21,000 jobs, the main component of which is power generation from renewable sources. Homes and buildings also comprises around 21,000 jobs. This

category comprises retrofit, building of energy efficient homes, installation of devices like heat pumps. Green professional and research services, which includes green finance and relevant research, and development activity is also substantial with nearly 10,000 jobs. Industrial de-carbonisation includes energy efficiency in industrial settings and electrification of industrial processes with employment of 8,500 – activities like CCS and hydrogen production are also notionally part of this category and are expected to become important in future.

- 2.34 The report also examines prospects for the green economy, presenting projections of employment for 2030 and 2050 based on a high, low and central scenarios. Based on the central scenario, which takes into account the changes in industrial structure that would be needed to deliver net zero rather than a continuation of recent growth performance total employment in the green economy is expected to double between 2020 and 2030, with net growth across all eight of the policy the categories. Power and Homes and buildings will still be the biggest activities in employment terms in 2030 but the fastest growing areas between 2020 and 2030 in percentage terms are expected to be Low Carbon Transport and Green professional services. Low carbon transport is projected to grow by 400% or 21,000 in absolute terms, whilst Green professional and research services is forecast to expand by 171% or 16,000.
- 2.35 The projected level of growth in the green economy does not represent net growth for the whole economy. It will be partially offset by job losses elsewhere. The report identifies industry sectors that have the highest carbon intensity and therefore the biggest exposure to the transition to net zero. Nearly 100,000 jobs fall into this category, around 9% of total jobs in West Yorkshire. The biggest concentrations of employment are in construction, transport and elements of manufacturing. Clearly, there is an overlap with our green policy categories. Some of the people working in these carbon-intensive sectors will be able seamlessly to redeploy their skills within their current sector of employment – for example, the construction sector has the largest exposure to carbon intensive activities, but large numbers of workers will be required in activities like retrofit and green construction.
- 2.36 Nonetheless there is potential for large-scale dislocation arising from the transition to net zero and the ambition is to avoid the long-lasting negative impacts associated with previous industrial restructuring seen in the '80s and '90s. There is also an equality and diversity aspect to this. For example, in West Yorkshire people from ethnic minority groups are strongly represented in carbon intensive sectors.
- 2.37 Overall, the transition to net zero presents significant economic challenges and opportunities. The decarbonisation of the economy will require a substantial increase in employment in key sectors and this will have important skills implications. There is also an opportunity for West Yorkshire to capitalise on existing strengths in areas like manufacturing and finance. The shift away from carbon-intensive activities presents challenges for economic inclusion.

Conclusion

2.38 This supplementary evidence reinforces the picture of long-standing challenges facing West Yorkshire, including under-performance on productivity, economic imbalances within the regional economy and relatively low levels of labour force participation. In addition to this there are further disruptions examined by this paper relating to remote working, artificial intelligence and the transition to net zero which will have a far-reaching impact on economic prospects and economic inclusion. These, along with further challenges and opportunities considered within the wider evidence base will be addressed through the economic strategy.

3. Tackling the Climate Emergency Implications

3.1 The report considers the implications for West Yorkshire's green economy arising out of the transition towards net zero. This will be explored further in the Economic Strategy as it is developed.

4. Inclusive Growth Implications

4.1 As part of its core purpose the Economic Strategy will set out a pathway to a more inclusive economy in West Yorkshire.

5. Equality and Diversity Implications

5.1 Promotion of equity and diversity in West Yorkshire is central to the Economic Strategy. It will consider how current inequalities and barriers can be tackled as part of the process of unlocking stronger economic growth in West Yorkshire.

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 No external consultations have been undertaken.

10. Recommendations

10.1 That the Economic Scrutiny Committee notes this additional evidence with a view to informing the discussion around the content of the emerging Economic Strategy.

11. Background Documents

None.

12. Appendices

None.

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Report to: Economic Scrutiny Committee

Date: 15 September 2023

Subject: **Economic Strategy**

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 of the Economic Scrutiny Committee on development of an Economic Strategy for West Yorkshire.

2. Information

Background

- 2.1. In June, the Mayor and West Yorkshire political leaders launched the [West Yorkshire Plan](#). The West Yorkshire Plan sets out a vision and five ambitious missions for 2040.

The West Yorkshire 2040
Vision and missions

Our vision:
A brighter West Yorkshire – a place that works for all. An engine room of ideas and creativity, where anyone can make a home.

Our vision and missions put equity, diversity, and inclusion at the heart of everything we do. We will lead the way to embed these values across all our work.

The West Yorkshire Plan includes:

- The West Yorkshire story – our region's unique identity
- The future of West Yorkshire – our vision and missions for 2040
- Working together – our partnerships for change

1 **Mission 1:**
A prosperous West Yorkshire – an inclusive economy with well paid jobs

2 **Mission 2:**
A happy West Yorkshire – great places and healthy communities

3 **Mission 3:**
A well-connected West Yorkshire – a strong transport system

4 **Mission 4:**
A sustainable West Yorkshire – making lives greener

5 **Mission 5:**
A safe West Yorkshire – a region where everyone can flourish

- 2.2 The West Yorkshire Plan seeks to improve jobs, incomes, health, skills, transport, places, safety, and well-being across West Yorkshire. Progress will be demonstrated through measurement of regional monitoring indicators set out in annual [State of the Region](#) reporting.

Economic Strategy

- 2.3 The West Yorkshire Plan provides the framework for a new Economic Strategy. **The Economic Strategy will contribute to all missions of the West Yorkshire Plan with a particular focus on Mission 1.** The work will take a whole systems approach to the economy considering the enablers of transport, infrastructure, planning and housing. The Economic Strategy will be key to our ambition to be a net zero region by 2030.
- 2.4 The structure of the West Yorkshire economy and broad business base means we have a **resilient economy not dominated by a single sector**. Our region has seven universities, with specialist clusters in digital tech, advanced manufacturing, and a thriving cultural scene. The health sector employs the most people in West Yorkshire, directly accounting for almost 15 per cent of jobs (compared to 13 per cent nationally). West Yorkshire has more manufacturing jobs than anywhere in the North and is the country's leading regional financial centre outside London.
- 2.5 Despite many economic strengths, the region has long-standing challenges it must address. These have been exacerbated by recent events, most notably the COVID-19 pandemic. **West Yorkshire's relative performance as measured by productivity has not improved in recent years.** West Yorkshire faces a deficit in its skills base which is closely associated with its underperformance on productivity and innovation.
- 2.6 **More than one in five people in West Yorkshire live in areas within the 10 per cent most deprived in England.** The deprivation profile of our region has remained relatively unchanged between 2004 and 2019, reflecting the **persistent and entrenched nature of the challenge**. Healthy life expectancy in West Yorkshire is below the national average for both males and females. Around 19 per cent of jobs in West Yorkshire pay below the Real Living Wage increasing to 38 per cent for part-time workers.
- 2.7 Twenty-four per cent of the working age population are economically inactive compared with 21 per cent nationally. The economic inactivity rate people aged 50-64 is 29 per cent in West Yorkshire compared with 24 per cent nationally. Further contextual information on current and longstanding regional economic challenges are set out in paper xxx which will help frame development of the Economic Strategy. Appendix 1 to this paper sets out details on emerging evidence which is being considered as part of the development work.
- 2.8 **There is no single intervention that will deliver the change needed; partnership will be key to supporting bold action on investment, skills, innovation, and finance, that delivers a thriving net zero carbon economy by 2038.** The Strategy will embed our approach to equity, diversity, and

inclusion with a focus on an inclusive economy that tackles long standing issues of deprivation. The Economic Strategy will establish priorities for emerging policy work including a reflection on the role of health in the economy. The Strategy will also set out our approach to key sectors of the economy, highlighting the potential of growth clusters including strengths in green technology mapped against existing assets.

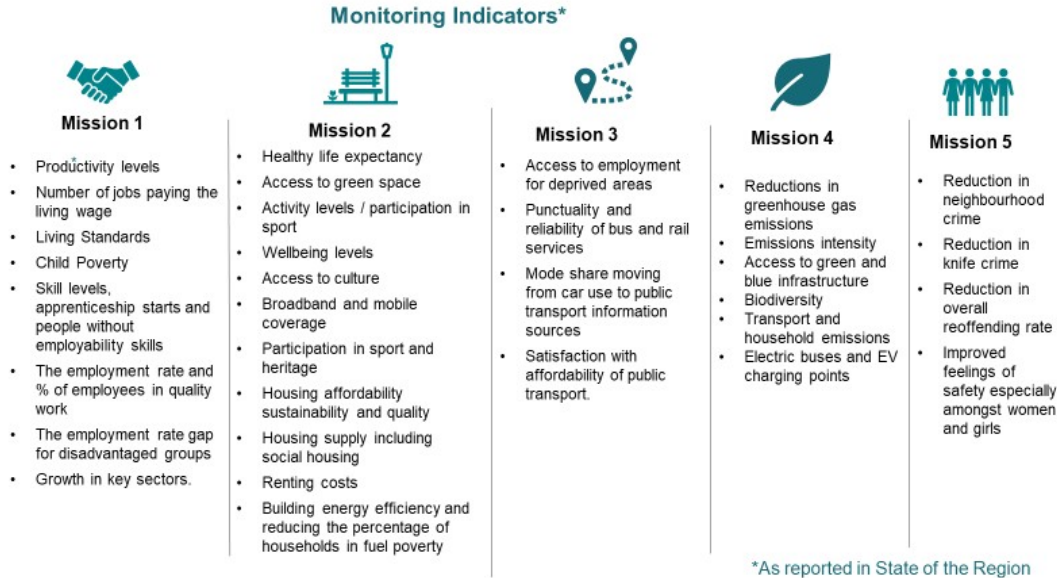
- 2.9 Local authority and Combined Authority officers are working closely with other partners to collect evidence for the strategy and develop priorities.
- 2.10 The Economic Strategy will draw on existing policies and strategies (see figure 1) and provide a framework for focused action plans and the design of investment programmes. Policy in development includes work on a Digital Blueprint which will ensure West Yorkshire is a ‘Smart Region’. The Digital Blueprint will update on how lives are transformed by digital technologies and will include a coherent strategy for delivery and partnership working. Work is also being undertaken to develop Blueprints on all age career support and employment support.

Figure 1: West Yorkshire Combined Authority policy framework by West Yorkshire Plan mission.



- 2.11 The indicators of the West Yorkshire Plan will be used to provide a high-level framework for monitoring progress with more detailed indicators sitting alongside performance data to track progress of key programmes and projects (see figure 2).

Figure 2: West Yorkshire Plan missions and monitoring indicators



Evidence Gathering

2.12 A range of activity is being undertaken to establish and update our economic evidence base. This includes cross cutting evidence collection on challenges facing the region which will need a range of policy action. Evidence gathering includes the following:

- Where new data is available, there will be updates to the 2019 West Yorkshire Economic Assessment which was undertaken as part of development of a Local Industrial Strategy and has informed a number of exiting policies at the Combined Authority.
- The Combined Authority has recently commissioned a new Regional Economic Model (REM) enabling scenario modelling to understand responsiveness of the West Yorkshire Economy
- An external commission to look at high growth opportunities for West Yorkshire including from the green economy and net zero
- Working with a specialist academic network (Y-PERN) on a call for evidence on topics impacting on an inclusive economy including childcare, the informal economy, and the future of work and the impact of AI.

2.13 In addition to the above, an advisory group of leading academics is being brought together to deepen our understanding of health and the impact of health on the broader economy.

2.14 The table below sets out an indicative timeframe for the work. This will need to be revised if any stages of evidence collection outlined above are subject to a

delay Once draft priorities have been written, a follow-up paper will be circulated to Scrutiny Committee.

Task	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Evidence Collection	█	█	█	█	█			
Survey								
Stakeholder Engagement	█	█	█	█	█			
Report Drafting			█	█	█	█	█	
Engagement on the draft					█	█	█	█
Final Draft								█

Consultation

2.14 Consultation is focused on diverse groups and communities. An online questionnaire will be available to a range of stakeholders with follow-up work to take place in different settings and with formats tailored to the audience.

Wider policy development

2.15 As set out in Figure 1 (above) in addition to the Economic Strategy, new policy development and reviews of existing policy including on transport, skills, housing, and climate is taking place. These pieces of work will be reflected in the Economic Strategy, and we will work closely with policy colleagues to ensure alignment.

3. Tackling the Climate Emergency Implications

3.1. Addressing net zero will be a key driver of the Economic Strategy and embedded across all our work.

4. Inclusive Growth Implications

4.1. Mission one of the West Yorkshire Plan is for an inclusive economy which will be a guiding principle of the Economic Strategy.

5. Equality and Diversity Implications

5.1. Equality, Diversity and Inclusion is embedded across each of the missions of the West Yorkshire Plan and will be a guiding principle of the strategy. This is reflected in the approach to consultation which is seeking to work with a diverse range of stakeholders.

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 Your Voice survey is in development. The survey includes open ended questions on the strengths and challenges of the West Yorkshire economy. The aim is to capture feedback from a range of voices, but targeted emails and follow-up activity being planned. In addition, a programme of consultation is being developed with stakeholders including local authorities, business groups and universities.

10. Recommendations

10.1. That members of the scrutiny committee note the remit of the Economic Strategy and discuss the key themes identified.

11. Background Documents

None.

12. Appendices

Appendix 1 – Economic Strategy Prospectus

West Yorkshire Economic Strategy

Prospectus

DRAFT POLICY IN DEVELOPMENT

Contents

1. Background and Contents

Policy context and purpose of the Economic Strategy

2. The West Yorkshire Plan and Missions

Background to the West Yorkshire Plan and five missions for 2040

3. Developing the Economic Strategy

Our approach and stage of work

4. Foundations for Growth

Our strengths

5. Emerging Evidence

Early themes from the evidence review

DRAFT

1. BACKGROUND AND CONTEXT

About the Prospectus

By developing our economic strategy, we have an opportunity to change our economic future, setting out our approach and providing clarity across the region of our shared purpose with the private sector. Covid-19 has shown us the importance of resilience. There is a clear emerging opportunity for West Yorkshire to grasp the potential of innovation-driven growth and build upon existing assets and infrastructure to enable new enterprise, research, skills and employment for an inclusive economy that works for all.

This prospectus provides background to the development of an Economic Strategy for West Yorkshire.

The core principles of the Economic Strategy will be:

- Based on robust evidence, demonstrating a clear understanding of the key strengths, assets and challenges in West Yorkshire
- To reflect our expanded policy remit following devolution
- To ensure all relevant Combined Authority strategies are aligned with a clear focus on the missions of the West Yorkshire Plan
- To place West Yorkshire on the front-foot with an ambitious policy platform that improves competitiveness and ensures benefits are shared fairly.

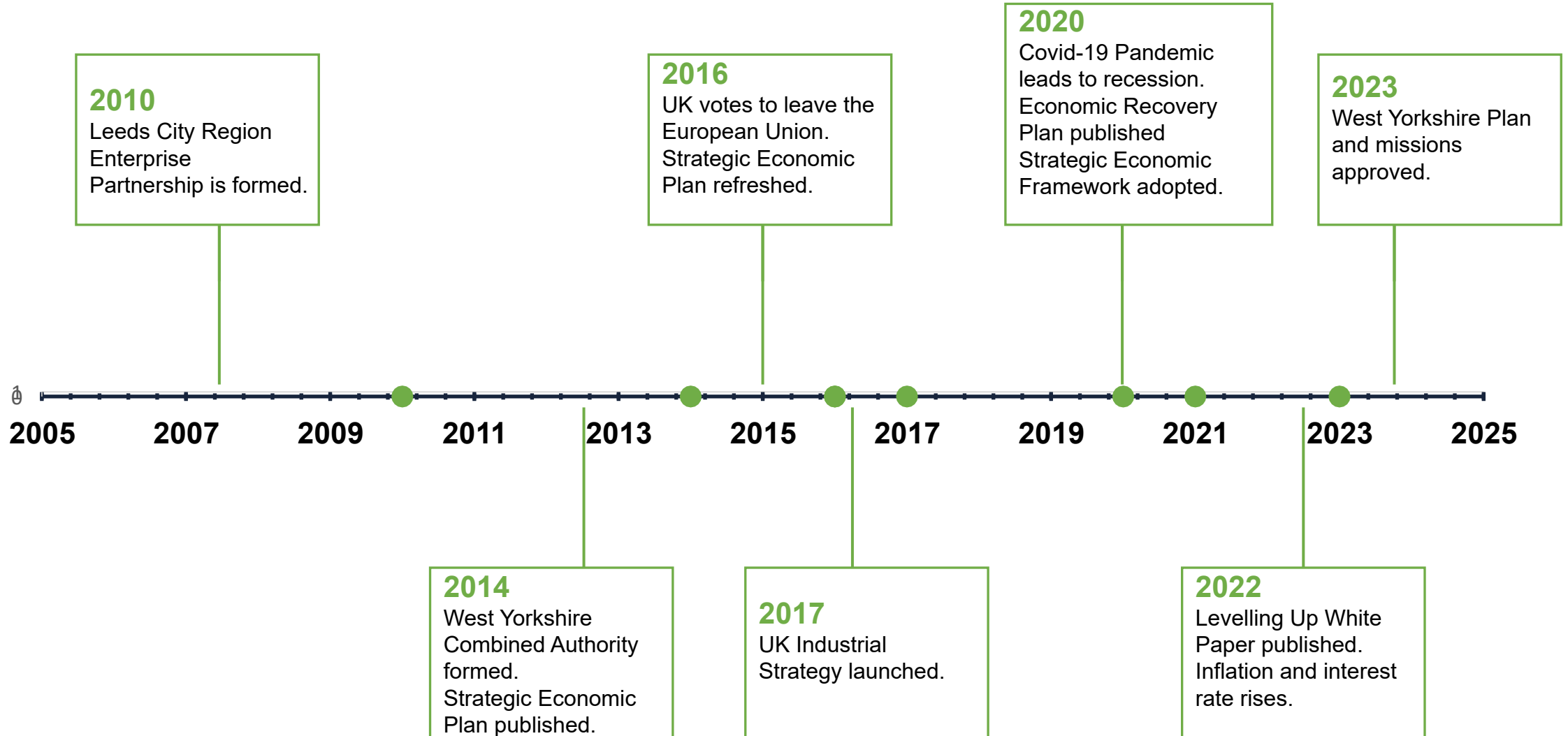
Our Policy Programme

West Yorkshire has undergone a period of evolution. With the agreement of a historic devolution deal and more powers and funding, we now have an opportunity to develop new ways of working. Major political events such as Brexit, disruptions from the Covid-19 pandemic, and the cost-of-living and doing business crisis have impacted all our communities and our policy programme has adapted.

The Combined Authority has embraced commitments on sustainability to become a net zero region by 2038, boosting inclusive growth and embedding equality, diversity and inclusion in everything that we do. These commitments have taken place alongside long-term structural challenges on productivity, investment, living standards and deprivation that will require change.

OUR APPROACH: Open and collaborative policy making with equality, diversity and inclusion at its heart. Foster, in partnership, an inclusive, place-based strategy where all communities contribute to, and benefit from sustainable growth.

The publication of the West Yorkshire Plan and the five supporting missions crystallises our approach and provides the framework for a new Economic Strategy to be developed.



2. THE WEST YORKSHIRE PLAN AND SUPPORTING STRATEGIES

The West Yorkshire Plan

The West Yorkshire Plan is the overarching strategy for West Yorkshire, setting the trajectory for the longer-term up to 2040.

Vision: A brighter West Yorkshire – a place that works for all. An engine room of ideas and creativity, where anyone can make a home.

The Economic Strategy will be critical to achieving this vision, helping to build an inclusive economy for all to prosper. The West Yorkshire Plan sets out five ambitious missions for the region each with a set of targets that will drive our work to transform lives and communities across the region.

02

The missions have been informed by our values and ambitions, whilst being underpinned by robust evidence. They will focus all our work for the long-term and set the framework for our strategies and investments for the future. The Economic Strategy will set out how we will deliver the economic aspects of the vision and missions.

The missions represent a long-term focus on positive outcomes. There is no simple solution or stand-alone initiative that will deliver the change we need. Each mission requires focused action in partnership between the public, private, voluntary and community sectors. The projects and programmes that we develop, deliver, support, and champion will all be geared towards the missions. Our progress will be demonstrated by a set of targets underpinned by detailed indicators measured annually in our State of the Region report.

The Missions

Our vision and missions put equity, diversity, and inclusion at the heart of everything we do. We will lead the way to embed these values across all our work.

Mission One: A **prosperous** West Yorkshire – an inclusive economy with well paid jobs.

Mission Two: A **happy** West Yorkshire – great places and healthy communities.

Mission Three: A **well-connected** West Yorkshire - a strong transport system.

Mission Four: A **sustainable** West Yorkshire – making lives greener.

Mission Five: A **safe** West Yorkshire – a region where everyone can flourish.

The Economic Strategy will have links across all five of the missions and a role to play in contributing to the ambitious targets of each one, but with a particular focus on mission one.

Monitoring Indicators*



Mission 1

- Productivity levels
- Number of jobs paying the living wage
- Living Standards
- Child Poverty
- Skill levels, Apprenticeship starts and people without employability skills
- The employment rate and % of employees in quality work
- The employment rate gap for disadvantaged groups
- Growth in key sectors.



Mission 2

- Healthy life expectancy
- Access to green space
- Activity levels / participation in sport
- Wellbeing levels
- Access to culture
- Broadband and mobile coverage
- Participation in sport and heritage
- Housing affordability sustainability and quality
- Housing supply including social housing
- Renting costs
- Building energy efficiency and reducing the percentage of households in fuel poverty



Mission 3

- Access to employment for deprived areas
- Punctuality and reliability of bus and rail services
- Mode share moving from car use to public transport information sources
- Satisfaction with affordability of public transport.



Mission 4

- Reductions in greenhouse gas emissions
- Emissions intensity
- Access to green and blue infrastructure
- Biodiversity
- Transport and household emissions
- Electric buses and EV charging points



Mission 5

- Reduction in neighbourhood crime
- Reduction in knife crime
- Reduction in overall reoffending rate
- Improved feelings of safety especially amongst women and girls

*As reported in State of the Region

Mission One: A **prosperous** West Yorkshire – an inclusive economy with well paid jobs

The Economic Strategy will have a particular focus on Mission One of the West Yorkshire Plan.

By 2040 we will have:

- Closed the productivity gap between West Yorkshire and the UK.
- Living standards above the national average, with no child growing up in poverty.
- Good quality work available for all.
- ⁷³ A diverse and inclusive workforce, where everyone who wants to work can.

Actions for change

Raising the prosperity and real term living standards of all parts of West Yorkshire can only be achieved sustainably by increasing productivity. To do this we will create the conditions to boost the economy so we can see highly skilled, healthy people working in well-paid jobs growing the presence of high productivity businesses and sectors. We will support an environment where entrepreneurial activity is nurtured and can flourish, where it is easy for businesses to start-up, grow, innovate, trade, and invest.

We will support businesses to be resilient, meeting the challenges of the future and embracing the opportunities of digital transformation. We will attract investment and jobs from overseas into our communities and support our businesses to export so that what's made in West Yorkshire is sold to the world.

We will ensure our employers recognise the value of a diverse workforce and invest in talent to develop the skills and progression we need. Where lifelong learning is part of our culture and flexible opportunities meet the needs of business.

We will build integrated infrastructure, attracting investment to create jobs in well-connected places. We will lead on innovation, continuing to build an open, inclusive, and thriving innovation ecosystem, connecting people to stimulate ideas for new products and services, driving investment to meet the challenges of the future.

We will address inequalities experienced by people, communities, and businesses, putting this at the forefront of decisions, whilst celebrating the breadth of equity, diversity, and inclusion in the region.

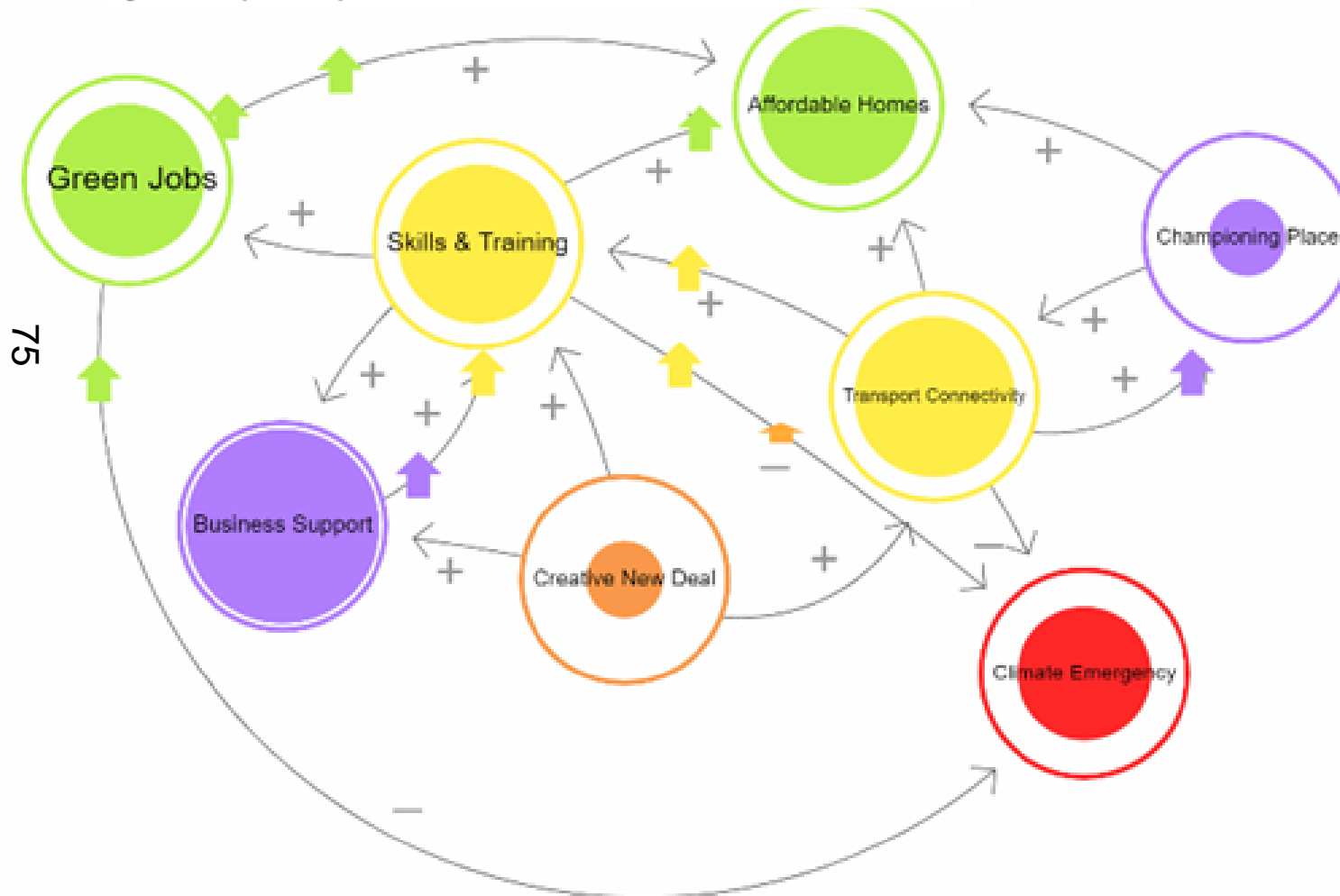
Progress will be demonstrated by improvements in:

- Productivity levels
- No. of jobs paying the living wage
- Living standards
- Child poverty
- Skill levels, apprenticeship starts, and people without employability skills
- The employment rate and percentage of employees in quality work
- The employment rate gap for disadvantaged groups
- Growth in key sectors.

Systems Change Approach

Our approach must be broad, long-term and affect whole systems change to meet the bold ambitions we have for West Yorkshire.

Figure 7: A dynamic systems-based model



“The above simulation demonstrates a long-term connectivity between the policy areas and the relationship between the fair and just recovery policy and the lasting recovery interventions.”

Source: PERN, University of Leeds Business School, 2022

3. DEVELOPING THE ECONOMIC STRATEGY

Developing the Economic Strategy

The Economic Strategy will bring together detailed evidence and data about our region's strengths and weaknesses, examining how our businesses innovate, the make-up of skills across our workforce with an emphasis on creating an inclusive economy with well paid jobs. **It will be an action focused strategy to guide the use of local funding streams and any spending from national schemes and should help make choices among different options for investment and support.**

Development of the Economic Strategy will incorporate the following stages (timeframes are indicative):

- **Building the evidence base:** work is being undertaken to refresh and update the economic evidence base
- **Stakeholder engagement:** delivery of the West Yorkshire Plan missions and implications of the emerging evidence discussed with stakeholders
- **Reviewing priorities:** bringing together strands of activity to develop priorities and themes
- **Drafting:** development of a focused document
- **Further Consultation:** draft document shared with stakeholders.

Building the Evidence Base

How we are building our evidence base:

- **Economic Assessment:** updating and refreshing core economic indicators for West Yorkshire.
- **Cluster Analysis:** enhancing our understanding of new areas of the economy at the frontier of growth alongside the foundational economy opportunities. Commissioning support to understand growth opportunities including in the green economy and net zero.
- **Regional Economic Model:** Economic forecasts to understand future implications for the economy.
- **Call for Evidence:** working with West Yorkshire's Universities to access key research undertaken on childcare, the informal economy and the future of work.

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Emerging themes from the evidence are set out in this prospectus to inform stakeholder discussion.

Expert Support

Developing the Economic Strategy will tap into the existing evidence base of academic experts across West Yorkshire.

- The Yorkshire Place-based Economic Recovery Network (Y-PERN) is led and driven by academics, primarily located in West Yorkshire universities, but with connections elsewhere in the region. The group brings academics together with specific expertise and interest in local and regional development and governance.
- Work is ongoing to bring together experts in the field of health and economics with policy makers in West Yorkshire to provide independent and scientific support and challenge on policy development. There will be a particular focus on health inequalities and growing a sustainable, inclusive economy.

Stakeholder Engagement

A range of stakeholder engagement events are taking place to discuss the evidence base and shape mission-based projects to meet aims of the West Yorkshire Plan, sessions to include a mix of stakeholders and thematic areas:

Stakeholder Group	Scope
Businesses and business groups	<ul style="list-style-type: none">• Share emerging evidence and discuss priorities
Local Authorities ∞	<ul style="list-style-type: none">• Share emerging evidence and discuss priorities• Discuss with range of specialist policy area groups relevant to the mission of the West Yorkshire Plan
Universities	<ul style="list-style-type: none">• To include engagement with the Y-PERN network including on call for evidence• Discuss implications of the West Yorkshire Plan missions
Voluntary and Community Sector	<ul style="list-style-type: none">• Engage with the sector to align priorities and ensure proposals for an inclusive economy are met.
Combined Authority Committees	<ul style="list-style-type: none">• Engage and keep committees up-to-date
Community Consultation	<ul style="list-style-type: none">• A range of options are being considered for community engagement to shape the Economic Strategy including engaging diverse voices and groups including young people.

4. FOUNDATIONS FOR GROWTH

“West Yorkshire has always been a place bursting with ideas, energy, and creativity. We are a family with a long history of collaboration borne out of our shared priorities and strong partnerships.”

West Yorkshire Plan

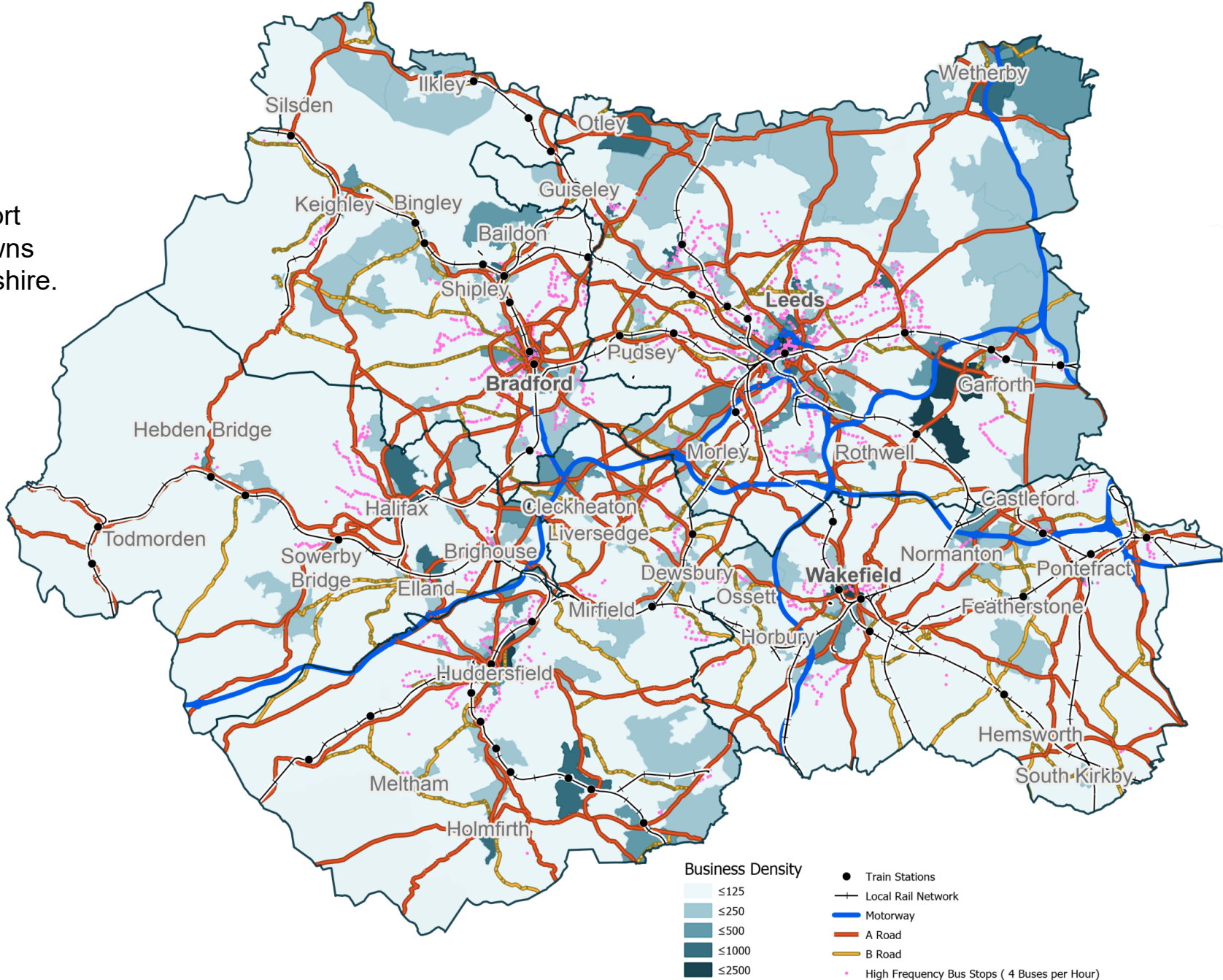
West Yorkshire is a dynamic economy at the heart of the North. The globally competitive city of Leeds sits alongside the vibrant cities of Bradford and Wakefield, together with lively towns, stunning countryside, and outstanding rural communities. West Yorkshire boasts an array of attractions and world class cultural assets:

- Economic output (GVA, or gross value added) of £60.1bn
- A highly diverse population
- Around 95,000 businesses and a workforce of 1.2 million
- World-class universities delivering leading research
- Leading innovation clusters on health and digital
- Home to a large and growing population of 2.4 million people
- At the centre of the UK, within one hour’s drive of 7 million people.
- 4,600 hectares of national parks.



West Yorkshire

This map highlights the network of local transport links connecting the towns and cities of West Yorkshire.



Our Strengths

“West Yorkshire has a long history of innovation and industry, delivering economic success alongside social progress. Industrialists such as Sir Titus Salt had a vision for the model village of Saltaire, supporting people out of poverty and into skilled work. Betty Beecroft's courage and ambition developed Kirkstall Forge, one of the oldest most continuously used industrial sites in England. Benjamin Gott revolutionised the production of woollen cloth and with his success invested in the cultural and civic life of Leeds.”

West Yorkshire Plan

- The structure of our economy and broad business base means we have a resilient economy not dominated by a single sector.
- Our seven world class universities attract and retain talent from around the region and around the world, creating a magnet for international businesses who flock to our region to pioneer innovations in transportation, digital, health, and manufacturing.
- West Yorkshire is home to world class universities delivering leading research with innovation clusters including Healthtech and Advanced Manufacturing.

“Here in West Yorkshire, we are different. We are single-minded pioneers, determined and hard-working, ambitious, and creative, and not afraid to take on challenges. These traits put us at the forefront of the Industrial Revolution and made us a manufacturing powerhouse of the world.”

West Yorkshire Plan

Our Places

- West Yorkshire contains five cities and major towns, including the core city of Leeds. Leeds is the main retail and office centre on the eastern side of the Pennines and is at the heart of the West Yorkshire economy. Leeds is a renowned retail destination, is home to award winning national theatre and dance companies has a world class arena and thriving independent food scene.
- Bradford has the 4th highest number of manufacturing jobs of any city in the UK (after London, Birmingham and Leeds) and has a diverse population, with people from ethnic minorities making up 36% of the total population. Bradford is UK City of Culture 2025.
- Centred on Huddersfield, Kirklees has a strong manufacturing base, has world leading engineering and textile businesses and is receiving multi-million-pound investment in gigabit infrastructure
- Situated between Leeds and Manchester, Calderdale is within one hour's travel of a quarter of a million businesses, eight million people and a combined economy worth around £150 billion. Calderdale has strengths in financial and professional services, and advanced manufacturing, as well as creative and digital industries, and innovation in green business.
- The cathedral city of Wakefield has significant strengths in manufacturing and logistics, and benefits from being one of the United Kingdom's most accessible places by road, rail and air.

A Track Record of Delivery

In West Yorkshire we have successfully grown as an organisation and partnership. Our evolution has taken us from a Combined Authority established in 2014, working in partnership with the Local Enterprise Partnership (LEP) **to deliver £235.45 million of economic development and £280 million of transport schemes through the Leeds City Region Growth Deal (2015-2021)**. Examples of our success include:

- Establishing a Task Force to understand challenges in the manufacturing sector to generate more jobs in this sector
- Working with local authorities to open access to employment land
- Collaborating with universities to drive R&D levels in the region
- Attracting new jobs and funding through international partnerships
- Creating new green jobs to support our plans to tackle the climate emergency
- Developing a Fair Work Charter to ensure that the jobs in the region are good and fair jobs.
- Ensuring there is training and skills for everyone, including digital skills to prevent digital exclusion.
- Delivering an entrepreneurship programme, to encourage entrepreneurship and innovation that matches our diverse population
- Support to those sectors that have suffered most during the pandemic and support for businesses during the cost-of-living crisis
- Strategies to place the region at the cutting edge of innovation in health-tech and space.

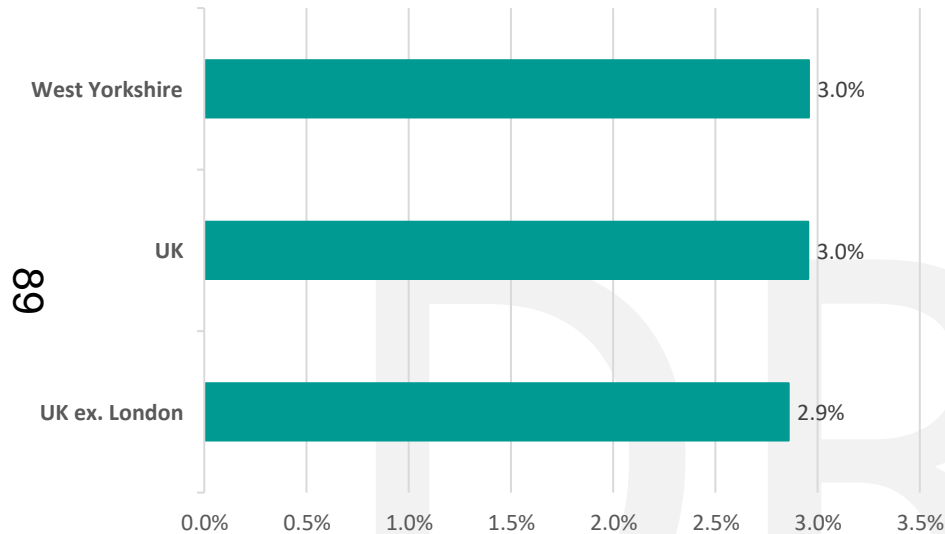
Current Priorities

- A simplified and streamlined offer for businesses via Business West Yorkshire
- A West Yorkshire Investment Zone
- Creative Catalyst promoting and boosting businesses in the sector
- West Yorkshire Green Jobs Taskforce and creating 1,000 green jobs for young people
- Understanding health inequalities and the relationship to economic growth
- Supporting adults from diverse backgrounds into employment, enterprise and training
- Establishing a Fair work Charter for West Yorkshire
- Delivering an entrepreneurship programme
- Innovation support
- Digital skills partnership
- Employment Hub.

5. Emerging Evidence

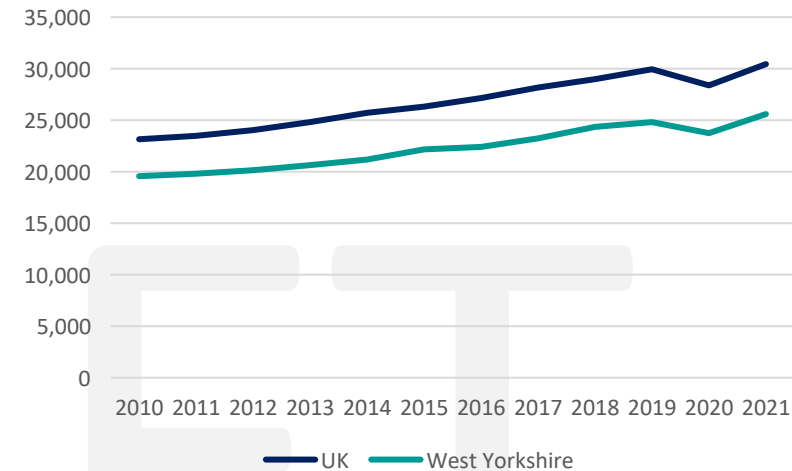
West Yorkshire Economy

The region's economic output is worth **£60.1bn**, making it the **third largest regional economy in the UK**. West Yorkshire is also the third largest city region area in terms of employment and has the largest finance and insurance sector of any of the 10 combined authority areas in England.



GVA (balanced) at current basic prices - annual growth rate (%), 2015-21
Source: ONS, Sub-regional GVA data

Between 2015 and 2020 West Yorkshire's economy grew at a rate comparable to the UK average, and above the UK when excluding London. Average growth rates across the UK were bolstered by a strong rate of growth post-pandemic compared with prior years.



Economic output (GVA) per head GVA per head (balanced) at current basic prices Source: ONS, Sub-regional GVA data

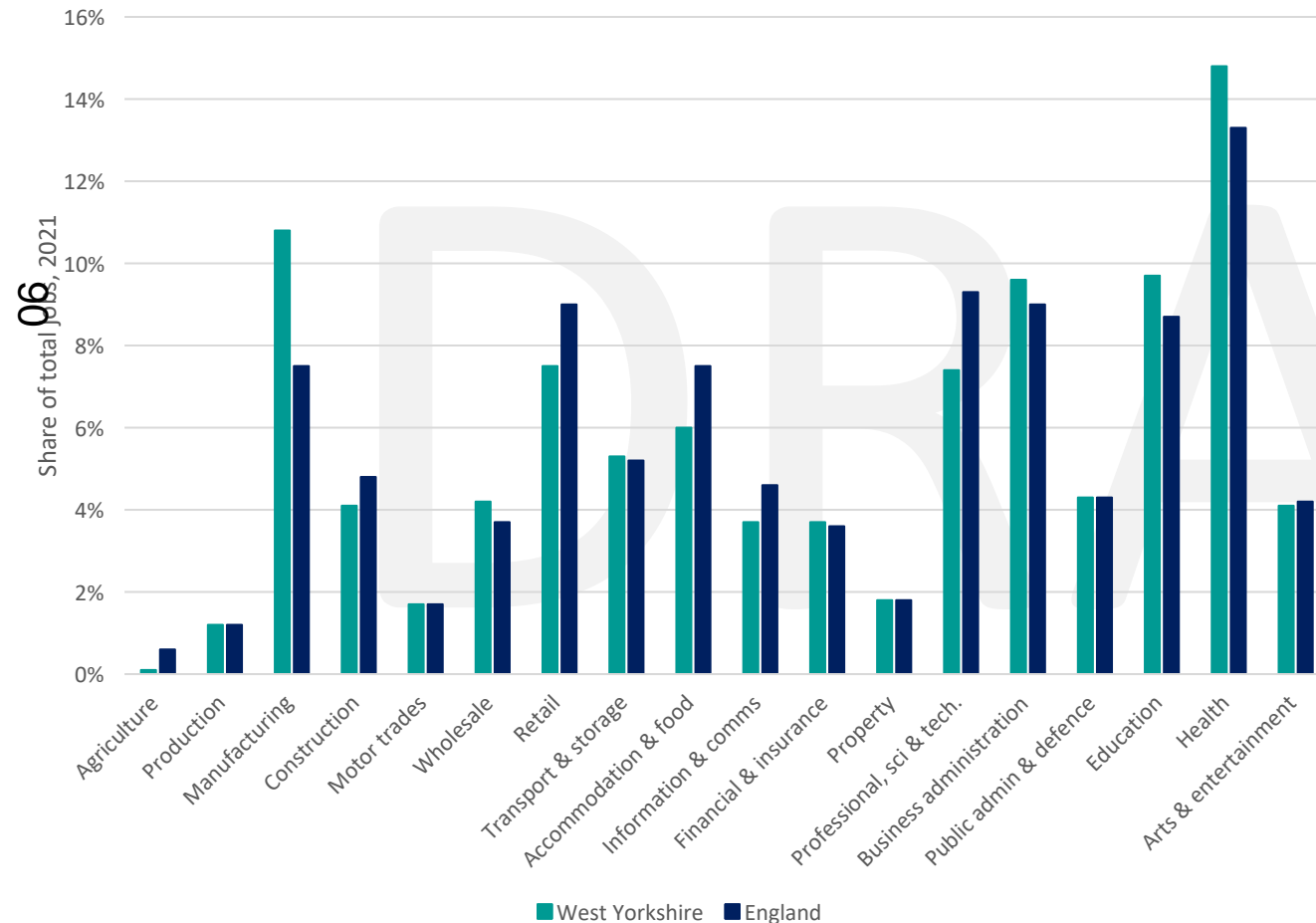
Output per head of population fell both locally and nationally in 2020 as a result of the pandemic, before rebounding in 2021. The latest West Yorkshire figure is 18% lower than the national average, a gap that has remained fairly constant since 2013.

Sectors

Our evidence gathering will include analysis of sectors in the ‘New Economy’ of West Yorkshire.

“The ‘new economy’ encompasses emerging knowledge-intensive sectors like FinTech and advanced manufacturing that are at the forefront of new technologies and innovations. It is important for improving the UK’s productivity and prosperity and a central pillar for the future success of the whole economy.” Centre for Cities – At the Frontier, the Geography of the UK’s new economy.

Share of jobs by broad sector, 2021

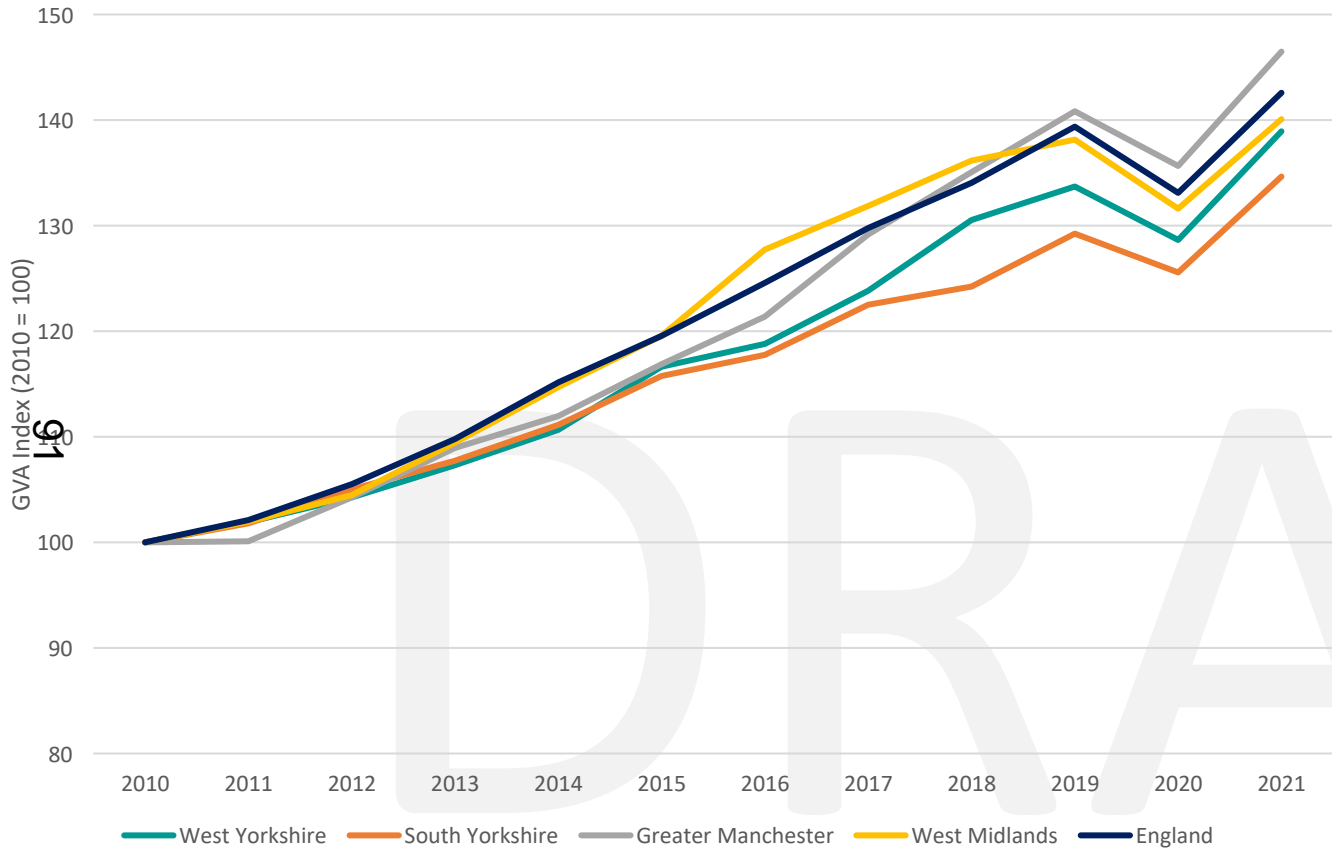


Source: Business Register and Employment Survey, ONS, 2022

The health sector employs more people than any other sector in West Yorkshire. Health directly accounts for 14.8% of jobs, compared to 13.3% across England as a whole. West Yorkshire also has more manufacturing jobs than anywhere else in the North, and is the country’s leading regional financial centre outside London.

Manufacturing accounts for more output (GVA) in West Yorkshire than any other sector – 13.4% compared to 9.4% nationally. Other sectors where the local share of GVA exceeds the national share include financial services, health, education and wholesale and retail.

Comparator areas



GVA growth between 2015 and 2021 in West Yorkshire matched the national average, at 3.0% per annum. This places West Yorkshire ahead of the growth rate of West Midlands and South Yorkshire Combined Authorities, but well below the growth rate in Greater Manchester of 3.8%.

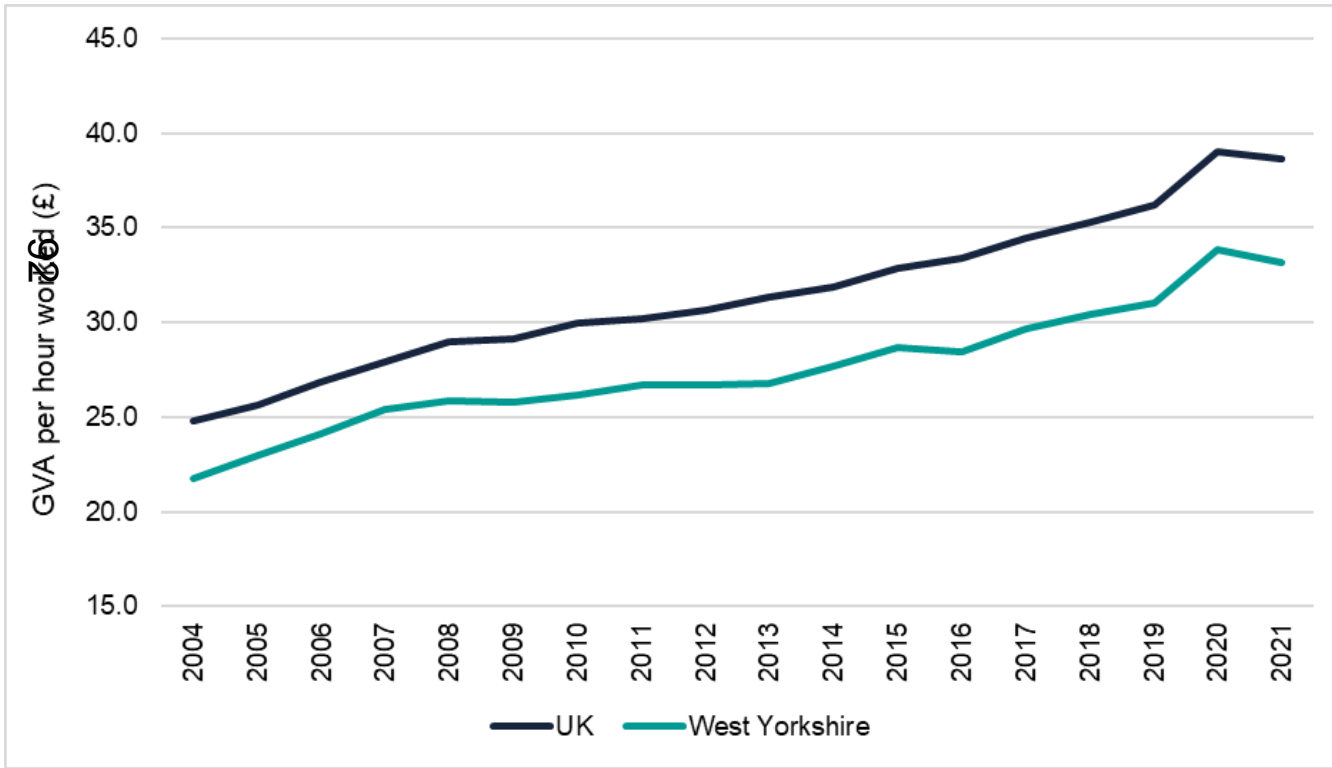
Index of GVA growth (current prices) – West Yorkshire and key comparator areas

Productivity

Increased productivity is the main engine of local economic growth and improved living standards.
State of the Region

West Yorkshire has seen a widening of the productivity gap with the rest of the UK.

The relative position of West Yorkshire on productivity has not improved in recent years. UK productivity growth has remained below trend since the 2008 financial crisis and local productivity has remained markedly below national average levels, even excluding London.



During 2020 productivity increased both for West Yorkshire and at national level due to temporary compositional factors as lower productivity sectors were worse affected by the pandemic than high productivity sectors but this effect was reversed as restrictions were lifted in 2021. Nonetheless, the key message is that underlying structural factors mean that West Yorkshire's productivity deficit persists

Productivity

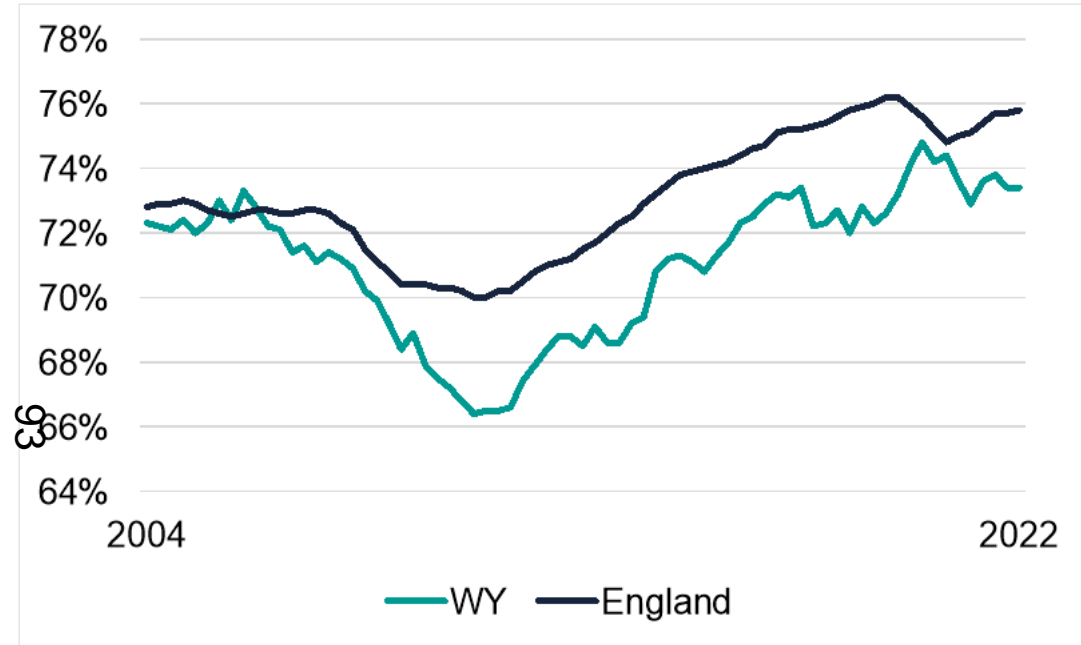
Current price unsmoothed GVA (balanced) per hour worked

Source: ONS Sub-regional productivity data

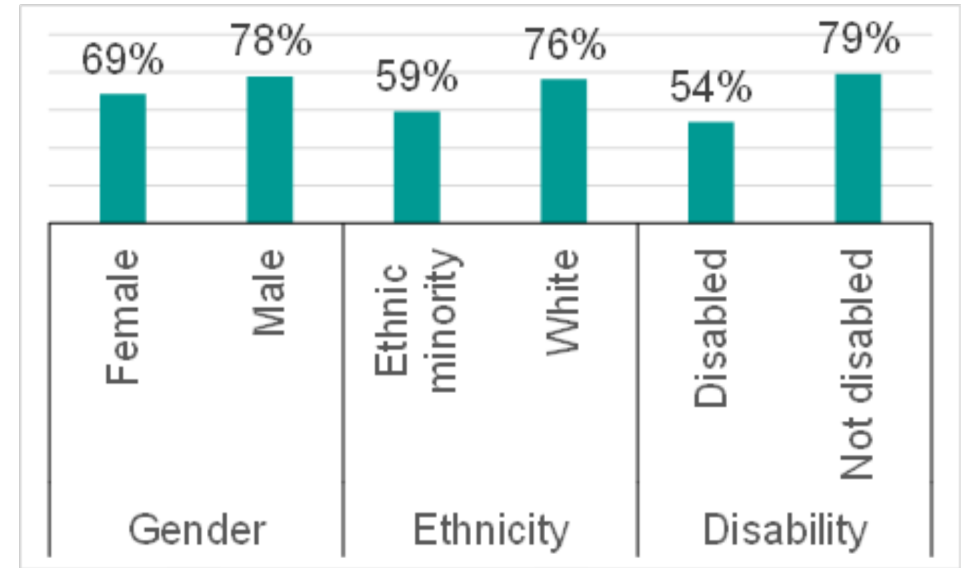
Closing the productivity gap to that of the UK average would make the West Yorkshire Economy around £8.5 billion larger.

Business Productivity and Resilience Plan.

Employment



Employment rate *Employment rate for all aged 16-64* Source: ONS APS



While the economy and employment in West Yorkshire has grown, productivity has not improved.

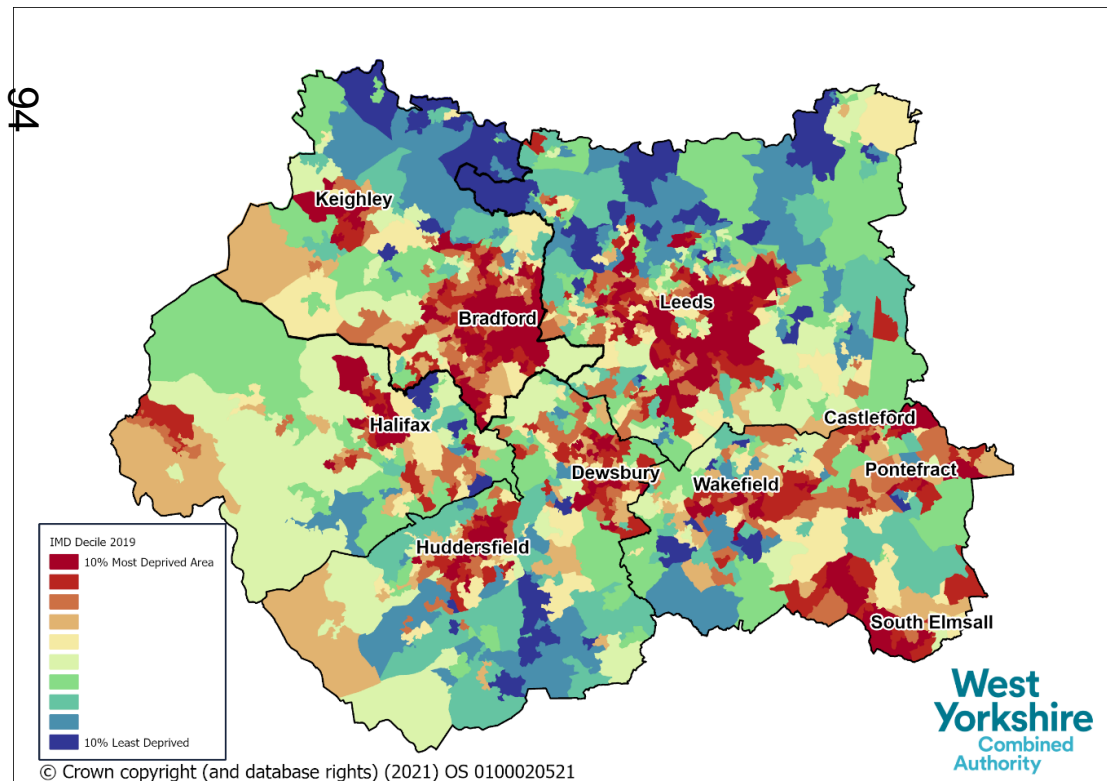
West Yorkshire's overall level of employment and employment rate have grown steadily in recent years. Groups who are disadvantaged in the labour market, including women, people from ethnic minorities, disabled people and older people are less likely to be in employment than the wider population

Deprivation

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). This is equivalent to more than half a million people. The deprivation profile of our region has remained relatively unchanged between 2004 and 2019, reflecting the existence of pockets of persistent and long-standing deprivation.

State of the Region

West Yorkshire Index of Multiple Deprivation 2019



Economic Inactivity

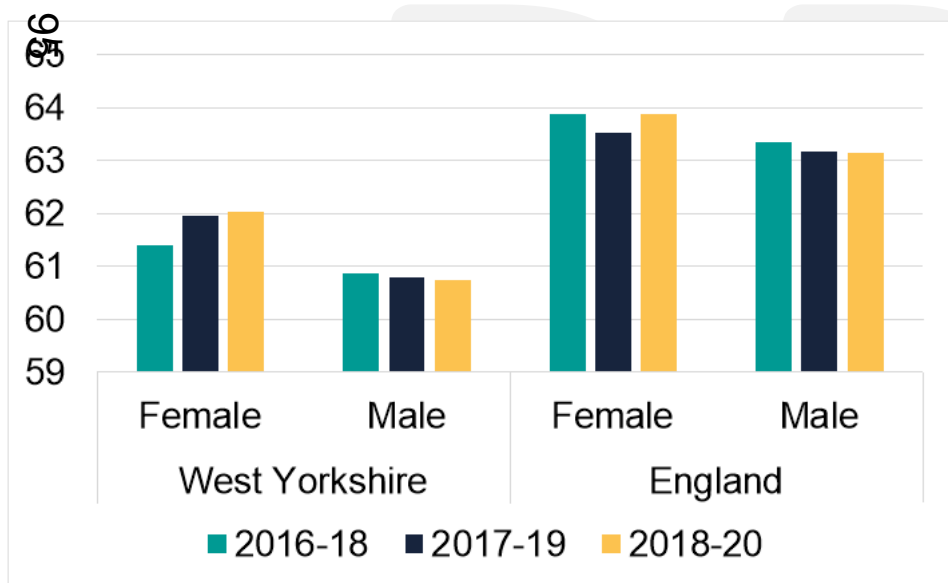
- Currently 344,000 people of working age (16-64) in West Yorkshire who are economically inactive. This is 24% of the working age population compared with 21% nationally
- 128,000 inactive people in West Yorkshire are aged 50-64. The inactivity rate for this group is 29% compared with 24% nationally.

Healthy Life Expectancy

Healthy life expectancy in West Yorkshire is below the national average for both males and females. Healthy life expectancy for males fell during the 2018-20 period as a result of the pandemic.

Our strengthened relationship with the Integrated Care Board will support a deepening of understanding of the relationship between health and productivity, we aim to bring together academic experts from health and the economy to understand the relationship between these areas.

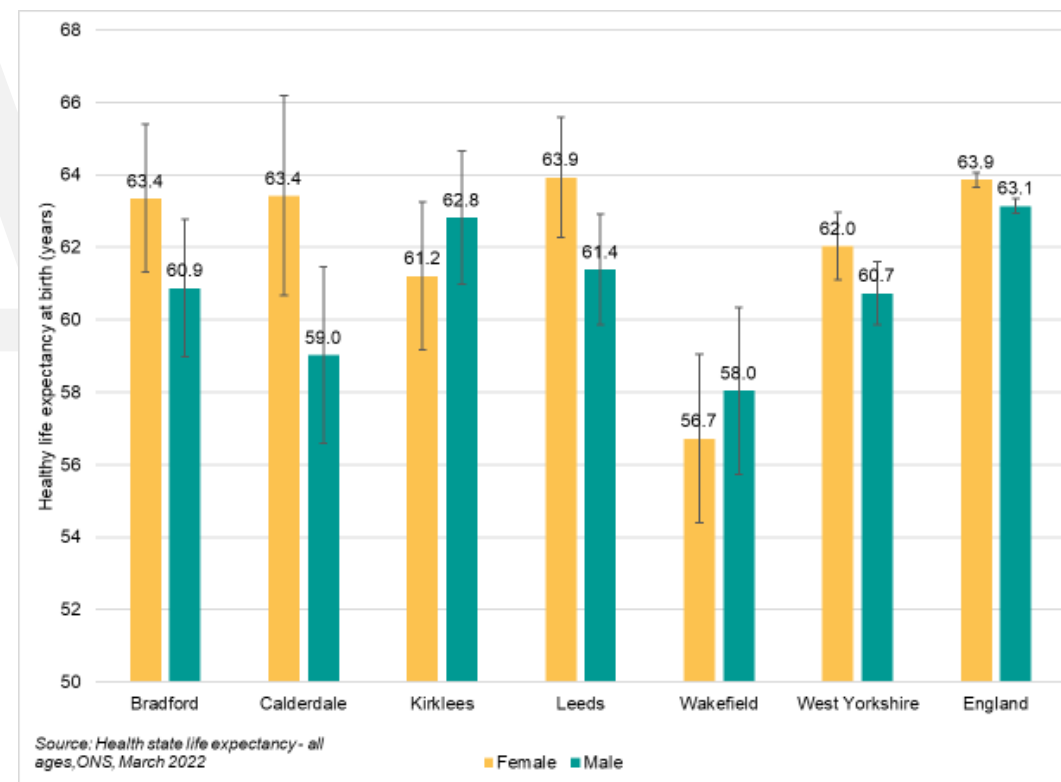
Healthy Life expectancy



Healthy life expectancy (HLE) at birth - estimates in years

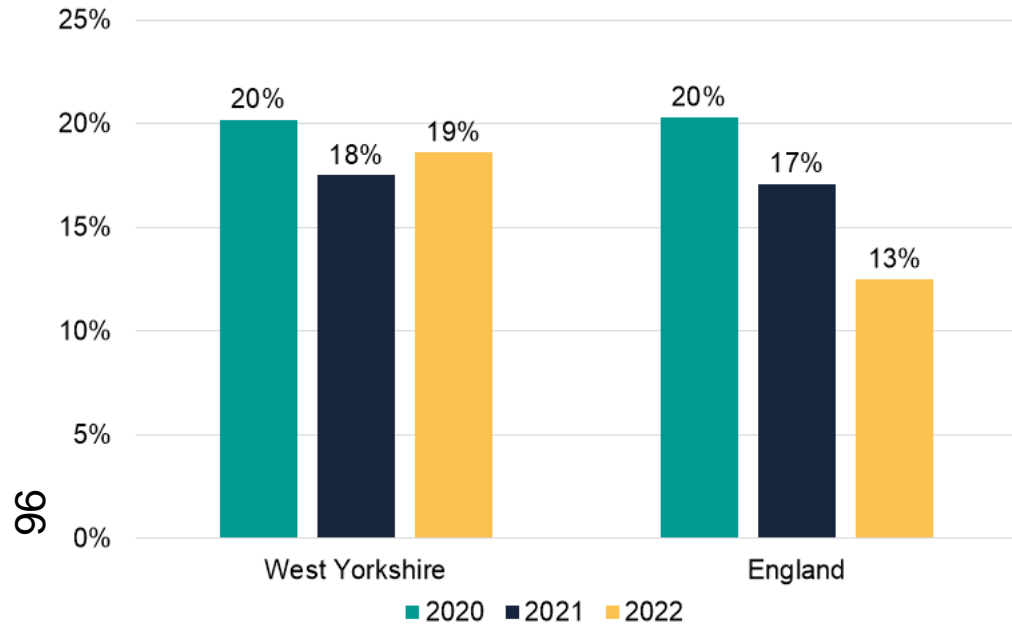
Source: Health state life expectancy, ONS

Healthy life expectancy at birth (2018-2020), West Yorkshire Districts vs England



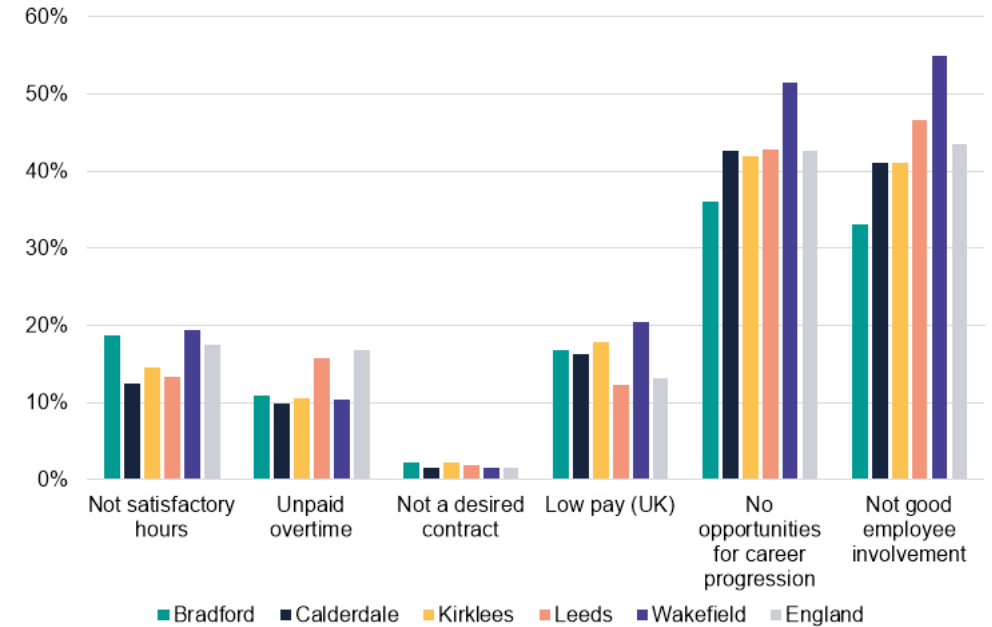
Source: Health state life expectancy - all ages, ONS, March 2022

Wages and Quality of Work



Jobs paying below Real Living Wage

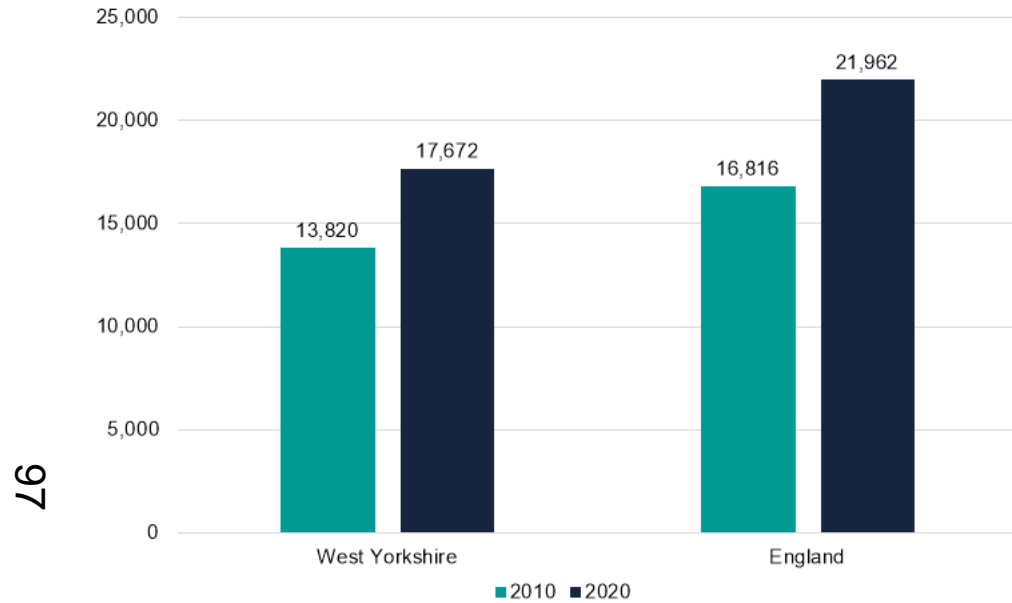
Around 200,000 jobs in West Yorkshire, or 19% of the total, pay below the Real Living Wage. The percentage increases to 38% for part-time workers. The proportion of jobs paying below the Real Living Wage is expected to grow in 2023 reflecting the cost of living crisis.



Quality work

Proportion of employees whose jobs have stated characteristics
Although most jobs offer satisfactory hours, desired contract status and at least two-thirds of median UK pay, high proportions do not offer sufficient opportunities for career progression or employee involvement.

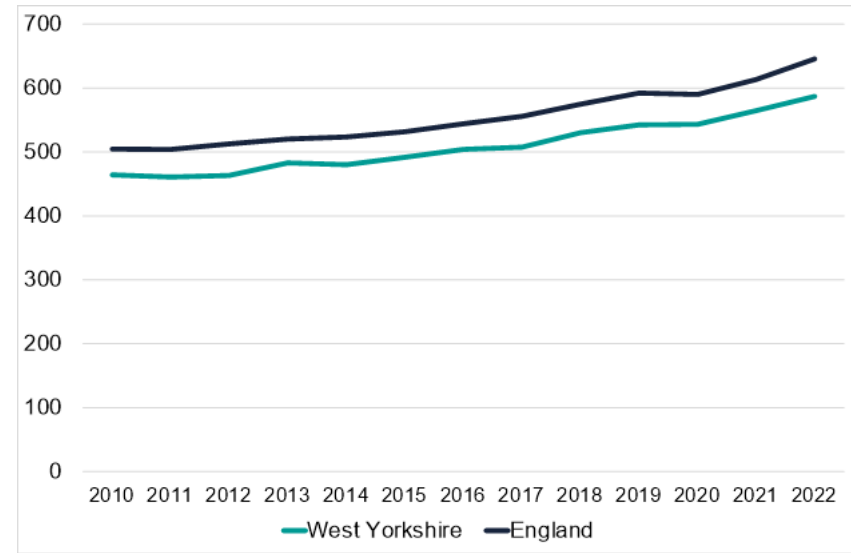
Living standards



Gross disposable household income

Gross disposable household income per head (£)

West Yorkshire's gap with the national average on household income is widening. In 2010 West Yorkshire's GDHI per head figure was 82% of the England average but fell to 80% in 2020.

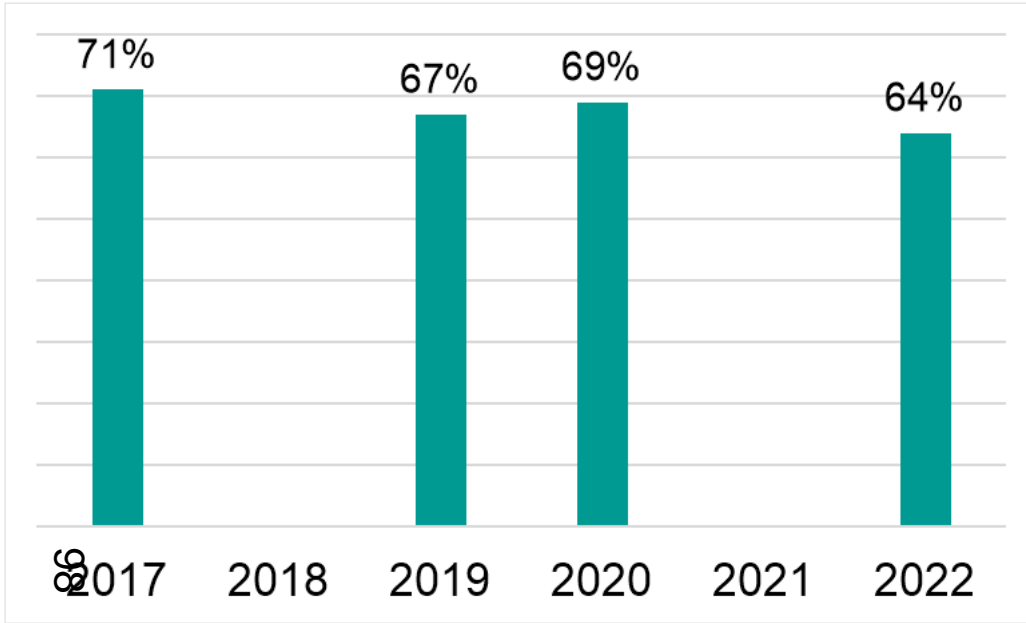


Median pay

Trend in median weekly gross pay for full-time workers (£)

West Yorkshire's median level of pay has increased steadily over time, growing by an average of 2% per annum since 2010 in nominal terms. However, its position relative to the national average has remained broadly constant throughout this period with no narrowing of the pay gap.

Innovation



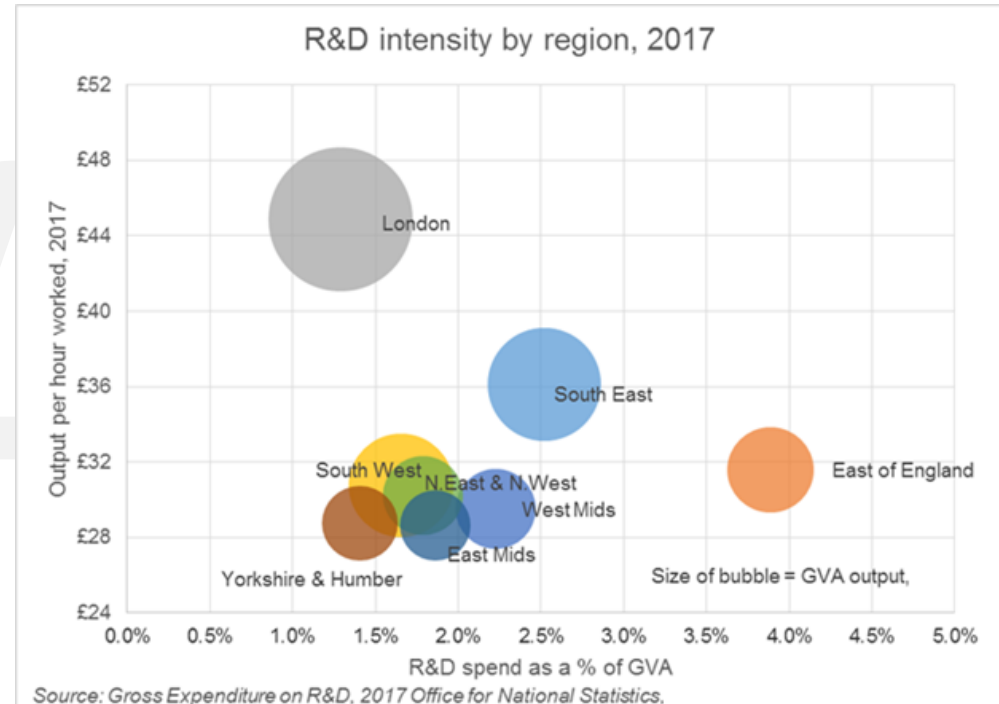
Innovation

Proportion of West Yorkshire businesses engaged in innovation activities Source: Leeds City Region Business Survey (NB: data not collected in 2018 and 2021)

The proportion of businesses engaging in innovation activity fell in 2022 compared with previous years. This is probably linked to the pandemic, but other evidence suggests a long-standing West Yorkshire deficit in innovation activity.

Innovation Framework Vision:

“A place that is globally recognised for developing an open, inclusive, thriving and coherent innovation ecosystem, where SMEs, budding entrepreneurs and individuals are inspired to innovate, and can easily navigate the support landscape and connect and collaborate with others to create new and better solutions for business growth and societal good.”

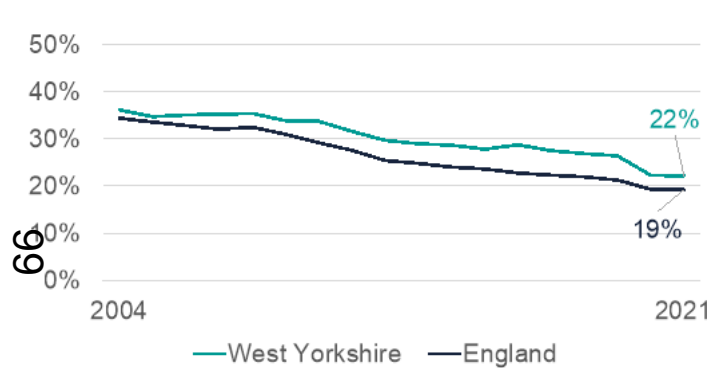


Skills

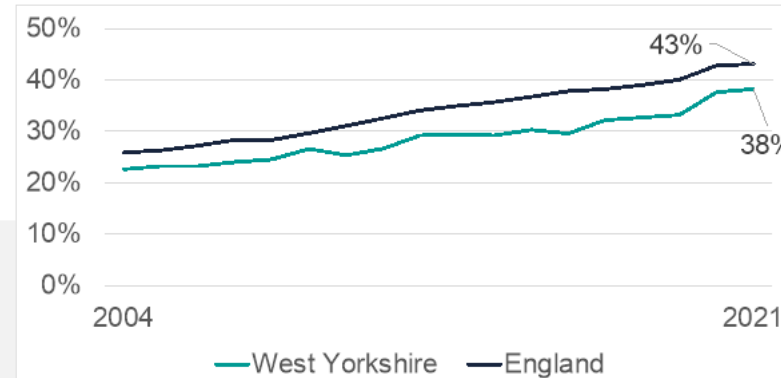
One of the key challenges facing West Yorkshire is a deficit in its skills base relative to other parts of the UK. This is closely associated with its underperformance on productivity and innovation.

“Our vision is for West Yorkshire to be a world-leading region where investment in skills, training and education, and support for employers go hand in hand to create a diverse, inclusive, and highly skilled workforce with good jobs, leading to sustained improvements in the quality of life for all.”

Employment and Skills framework



People with no / low qualifications
% of people aged 16-64 qualified below level 2 or with no qualifications
Source: ONS APS



People qualified at Level 4 and above % of people aged 16-64 whose highest qualification is at Level 4 or above
Source: ONS APS

“West Yorkshire has a deficit of high skilled employment. This deficit of workers in higher skilled occupations extends to employment in most industry sectors in the local area, reflecting relatively low value business activities, low productivity and an associated weak demand for skills locally.” Labour Market Review

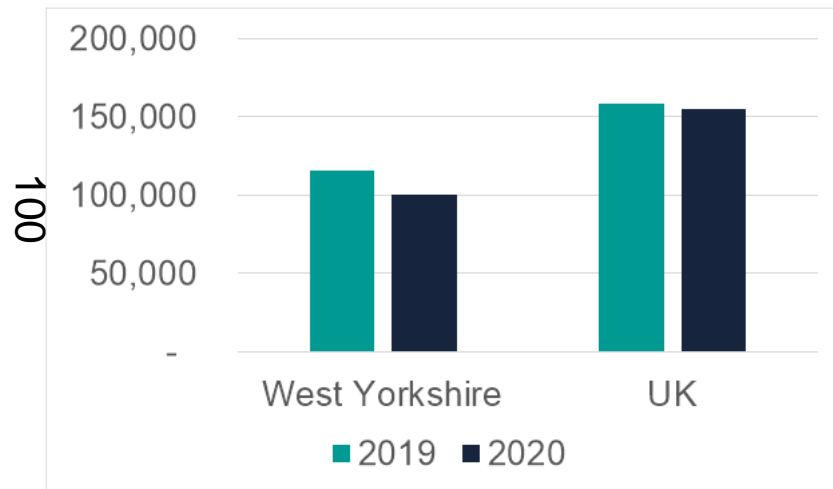
This skills deficit is a function of **low skills equilibrium** – the deficit of skills supply is linked to a **deficit of demand**.

West Yorkshire has a **significant number of people who are excluded from the labour market**, with disadvantaged groups most at risk. These groups and people in deprived areas are less likely to access skills programmes that can aid their progression.

Trade and Investment

The nature of our polycentric economy means there is plentiful supply of international trade opportunities available to businesses in this region. We have a strong concentration of manufacturing businesses, more than anywhere else in the north, an unrivalled health ecosystem, the UK's fastest growing digital sector and the largest financial and professional services cluster outside of central London. We undoubtedly have the business assets to be a UK leader on international trade.

Trade and Investment Strategy.



Service exports per £m of GVA

Source: ONS, International exports of services from subnational areas of the UK

International trade is a key enabler of many policy priorities for Leeds City Region. There is a strong link between international trade and business productivity, innovation and resilience. Businesses who trade internationally also create higher quality direct and indirect jobs. Businesses who trade internationally are also important ambassadors for our region, often creating a better understanding of different cultures and building valuable partnerships and alliances.

The impact of the pandemic on trade between the UK and the world has been significant in its scale, and it is unclear at this stage whether this effect will be temporary or lasting. Exports of goods and services fell sharply in 2020 due to the pandemic. Service exports have overtaken exports of goods in their importance to the West Yorkshire economy.

Post-Covid impacts on the workforce

- According to figures from November 2022, around 9% of workers in West Yorkshire work exclusively from home, 31% work from home sometimes (hybrid) and 59% do not work from home at all. More than half of hybrid workers commute the full-time-equivalent of between 1 and 3 days a week
- Weekday footfall at Leeds rail station is currently around three-quarters of pre-pandemic level, whilst Leeds weekday radial traffic count is 13% below pre-pandemic.
- ¹⁰¹ Workers are spending more time in the residential neighbourhoods in which they live, and less time in the city centres where they work with consequences for locally consumed services, such as cafes, hairdressers and retail shops. It is estimated that working from home will reallocate £3 billion in retail and hospitality spending from city centres to residential neighbourhoods in England and Wales
- Leeds City Centre is worst-affected neighbourhood outside London with an estimated spending reduction of £35m per annum (-6%) and a loss of employment of 21,000 (including loss 1,000 retail and hospitality jobs)
- Around 8% of total vacancies (online job postings) advertised in 2022 were for jobs with facility to work remotely, rising to 9% for West Yorkshire vacancies.

Headline SWOT – to be updated during Consultation

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • A polycentric area containing a mix of major cities, towns and rural communities • A diverse and growing population • A highly diverse economy that can help to withstand sector-specific shocks and challenges. • Substantial university asset base, with research strengths in key growth areas of health, AI, and digital • Increasing demand for green skills in the labour market • A globally competitive city with high levels of high-growth start-ups • Areas of genuine strength and distinction including health tech, technical services and highly specialised manufacturing industries • A vibrant cultural scene with outstanding heritage and natural beauty 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Productivity is below national levels in all parts of our area, and the gap to national performance is not closing. • Despite improvements there remains a gap between local and national skill levels, particularly for higher level skills • Relatively low levels of business investment in R&D and innovation activity. • Access to finance seen as a challenge amongst businesses • Investment in the transport system has not kept pace with economic and population growth. Congestion and capacity constraints risk hampering future economic growth. • Some of the highest levels of deprivation in the country, with pockets across the area that have not changed over many years • Lack of an OEM presents challenges around the coherence of supply chains and the productivity benefits such businesses can bring.
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Further devolution • Increasing exposure to key non-EU export markets such as US and China could deliver a productivity dividend • Economic opportunities linked to energy and low carbon with investment in green infrastructure • Growth of AI capabilities and digital specialisms • University cluster provide opportunities to increase business innovation performance through collaboration. • Manufacturing subsectors offer degrees of employment specialism, though professional services jobs have seen strongest growth. • High growth potential start-ups in key sectors • A tighter labour market offers potential to upskill existing staff, increase earnings and build a more inclusive economy. • A unique position in the health system, with strong research capabilities, leading hospitals, national NHS institutions, and a specialised medical manufacturing industry providing an opportunity for a whole system approach to health 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Lack of investment risks further weakening of productivity performance with inflation and interest rate pressures on ability to invest • Changing in working patterns and working from home impact on city centre economies • Health inequalities and ageing population • Longer term impact of Brexit and regulatory shifts • Cost of childcare and pressures on the sector creating barriers to work • Climate change, high energy costs and cost-of-living and doing business crisis putting pressure on business growth and survival • Insufficient access to appropriately skilled workers could constrain businesses' ability to grow and this could be compounded by lack of responsiveness in skills system. • Automation and AI poses a threat to a significant number of jobs in a range of industries, particularly for lower skilled workers. • The lack of a clear unique sector strength or focal point for economic narrative could reduce the area's distinctiveness.