

Report to: Business, Economy and Innovation Committee

Date: 19th October 2022

Subject: **Economic Scenarios and Sector approach**

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

1. Purpose of this report

- 1.1 The purpose of this report is to provide the BEIC committee with information about our approach to sectors and economic scenarios. On the 21st September we also took a paper to the LEP board who agreed that we should further develop our approach to sectors and that an economic scenarios exercise would be useful.
- 1.2 We seek feedback from the Business, Economy and Innovation Committee to help us to further develop our approach.
- 1.3 We have agreed to work with Academics based at the University of Leeds to produce a set of four economic scenarios which we can use to test our existing and future economic policies against.
- 1.4 Work is ongoing on our approach to sectors, we have analysed different models and seek the BEIC committees views on our preferred approach. We have attached an appendix which we would like to consult the BEIC committee on to get their views.

2. Information

Background

2.1 The Northern Powerhouse Independent Economic Review published in 2016 sought to characterise the North's economic position and the drivers underpinning its performance, and identify opportunities where 'pan-Northern' effort can sensibly support existing 'local' activities. Since 2016, there have been a number of socioeconomic changes to the region which have had significant implications. These changes include; the demographics of the workforce, the prevalence of work from home and the impact this has had on towns and city centres, rising prevalence of wellbeing as a metric, rising costs of living and energy, skills shortages and in particular the need for digital skills. The significance of these changes will pose new challenges and opportunities for our sectors. We believe that now is an appropriate time to refresh our approach to sectors and to update our economic scenarios so that we can better understand the drivers underpinning the region's economic performance and test our policy proposals against them.

2.2 A wider piece of work is underway to create a vision for the West Yorkshire region (working title the West Yorkshire Plan). This Plan will help tell the overall story for the region, capturing our strengths and opportunities. This will be the overarching Plan under which will sit our existing and new strategies and policies.

2.3 We already have several existing strategies that consider our economic objectives including the Economic Recovery Plan, Business Productivity and Resilience Plan, Innovation Framework, Digital Framework and the Healthtech Strategy. Each District Partner also has an economic strategy or plan.

2.4 This provides a solid base of evidence and objectives and have steered the current allocations of funding. Many of the structural challenges and opportunities the region has to offer have not changed. Improving the region's productivity levels, increasing spend on research and development and focussing efforts on the region's strengths such as health technology should remain as objectives.

Proposed approach

2.5 We propose that we review our approach to sectors. This will help us to leverage funding, communicate more clearly with business and attract foreign direct investment.

2.6 We are working with PERN on a scenario planning exercise, through which we intend to test current programmes and our pipeline against potential future scenarios. This exercise will help us to identify potential risks and mitigate against them in our approach to policy making. We feel now is an appropriate time to do this exercise given the significant number of programmes going through the assurance process for Gainshare and the Shared Prosperity Fund. We believe it is important to strike a balance of activity between proactively developing the conditions for a resilient economy and dealing with the immediate needs of business.

2.7 We will work in collaboration with partners to ensure that our approach acknowledges and considers existing economic strategies on a local level and reflects the sectoral opportunities across the whole region. We welcome views from this committee of any other organisations that should be invited to participate.

2.8 The approach will draw upon existing policy approaches including the Mayoral Pledges, The West Yorkshire Investment Strategy, State of the Region Report, The Economic Recovery Plan, The Fair Work Charter for West Yorkshire, and Local Authority policies.

2.9 A key challenge to address is our ambition is to create a net zero carbon economy by 2038. The economic scenarios work and approach to sectors will therefore explore opportunities available to us to green our economy and create more sustainable and resilient businesses. Our ambition is to help develop a region where everyone benefits from the economic, health and environmental benefits of a net zero carbon economy.

2.10 Enabling inclusive growth is a key driver. By this we mean enabling as many people as possible to contribute to, and benefit from, economic growth in our communities and towns, irrespective of their background. Inclusivity and wellbeing will be used as lenses in which to assess the viability of our economic approach and will form key indicators as part of the scenario planning exercise. These lenses will also be applied during the sector analysis work to ensure that we are supporting both the foundational and frontier parts of our economy.

2.11 The LEP Board considered a paper on how these pieces of work could fit together in a new Economic Strategy. They could still be drawn together in this way. Priority is being given to the specific areas above and the development of programmes in the other papers on the agenda.

3. Tackling the Climate Emergency Implications

3.1 Our economic approach will have an impact on the environment. Refreshing our approach to economic scenarios and sectors provides us with an opportunity to explore our economy through an environmental sustainability lens and develop policies which will enhance our abilities to achieve our net zero carbon ambitions. This is an opportunity to work with our businesses and stakeholders to create an economic environment conducive to environmental sustainability, green technologies, and innovation.

4. Inclusive Growth Implications

4.1 This is an opportunity to place the principles of inclusive growth at the heart of our economic approach. A resilient economy fit for purpose supports the people of West Yorkshire to thrive.

5. Equality and Diversity Implications

5.1 This is an opportunity to ensure that our economic approach is inclusive and provides equality of opportunity to all. It is an opportunity to consider the implications of our economic policies on protected characteristics such as race, disability, and gender to ensure that we are equitable in our delivery. We know that people with these protected characteristics are more likely to be claiming some type of benefit and that benefits are not keeping pace with inflation.

6. Financial Implications

6.1 To produce a robust and resilient strategy it may be necessary to fund research activities including stakeholder engagement and workshops to ensure that we consider diverse voices and are representative of the whole region. The strategy will also help to inform decisions regarding our future pipeline so could have an impact on future spending priorities.

7. Legal Implications

7.1 We will consult with the legal team to ensure that any legal implications are fully considered.

8. Staffing Implications

8.1 There are no new staffing requirements. It's acknowledged that input from Districts Partners, businesses, the third and academic sectors and other relevant organisations would be needed and consideration will be given to doing this in a way that doesn't add further burdens.

9. External Consultees

9.1 A co-design group has been convened on a weekly basis with Local Authority partners. We seek Committee views as to other stakeholders that should be involved.

10. Recommendations

10.1 BEIC supports and inputs into our economic scenario and sector approach

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

Appendix 1 – Overview of Sectors Policy Development