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<b>Report to:</b>	Economy Scrutiny Committee
<b>Date:</b>	18th January, 2023
<b>Subject:</b>	<b>Economic Plan Update</b>

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## 1. Purpose of this Report

- 1.1. This report provides the Economy Scrutiny Committee with an overview of work to date to develop an economic plan for the region. Development of an economic plan will support and guide the Combined Authority's work to maximise economic opportunities across the region, target sector growth and build resilient business base and supporting infrastructure. This plan aims to cover the period 2022 to 2040.
- 1.2. In West Yorkshire, we have a long history of collaboration. We recognise the value of working together and the benefits this approach brings. We know that we can't realise our vision in isolation and will continue to work together in partnership to bring our ambitious economic plan to life. This plan will therefore build on, and not replicate, the existing economic plans and strategies of both the Combined Authority and in each of the districts.
- 1.3. This work will incorporate thinking on a new approach to economic sectors as well as an outline of economic forecasts for the region.
- 1.4. It will also align closely to the wider West Yorkshire Plan that is being developed in collaboration with local authorities and partners.
- 1.5. We will use the economic plan to create the right conditions to boost the economy in our region so we can see highly skilled people working in well paid jobs, able to access opportunities in a sustainable, carbon-free future and a great quality of life. An environment where entrepreneurial activity can flourish, where it is easy for businesses to start-up, grow, innovate, trade and invest. Where integrated infrastructure attracts the investment to create jobs in well-connected places with affordable homes.
- 1.6. An ambitious economic plan needs strong delivery mechanisms and clear policy direction. The plan is supported by a suite of policies and strategies that have been developed with strong collaborative leadership to give clear vision

and direction for key policy areas. The policy and strategies underpin each of the regional outcomes. (Trade Strategy, Culture Framework, Digital strategy, Local employment plan, and the Employment and Skills Strategy for example)

## 2 Information

### Progress so Far

- 2.1. We have assembled a Task and Finish Group which includes the local authority partners and public and private members some of whom also sit on the LEP Board. This group will meet in January and early February to comment on and shape the economic plan before it returns to the LEP Board and BEIC Committee for approval. We will also take a paper about the economic plan to the employment and skills committee to enable them to input to the economic plan and ensure it is aligned to the outcomes expressed in the employment and skills strategy.
- 2.2. The Combined Authority has been developing a new approach to sectors for the region. This approach is outlined in the economic plan.
- 2.3. Following a private sector workshop on 7th November 2022 and the 15<sup>th</sup> November 2022, we are progressing a sectoral framework which places sectors into three different strands:
  - **Enabling Sectors:** significantly important sectors that are the catalysts for economic growth. They tend to be high-growth and high-innovation enterprises. They have strong competitive advantage and link to key mayoral pledges.
  - **Strategic Sectors:** strategically important to economic growth particularly in West Yorkshire and contributing to national GDP but may not be high-growth or high-innovation oriented. Some of these businesses retain a competitive advantage.
  - **Vital Sectors:** these are mostly foundational sectors of the economy. They employ a large number of people to support the day-to-day functioning of the economy. They are not high-growth or highly innovative and have relatively low competitive advantage. However, they do provide essential infrastructure on which other sectors depend.



- 2.4. These strands will be underpinned by our commitment to achieving carbon net zero targets, investing in technologies to improve productivity and inclusivity, and ensuring that we protect the most vulnerable.
- 2.5. In addition to the work on sectors we have also used economic scenario forecasting to explore possible economic outcomes for the region and to help us to model interventions against this. Recognising the significant economic changes that have taken place in the past couple of years, the Combined Authority asked academics from the Place-based Economic Recovery Network (PERN) to conduct research to help inform the scenarios-based approach. We are now synthesizing the findings from PERN with those developed by our own research and intelligence team and this analysis will be included in the economic plan.
- 2.6. The economic scenarios provide four potential trajectories for growth in the region. Some are based on the optimism of the public services and businesses interviewed and some are based on the pessimism of the same survey's participants. The current trajectory of the region is also projected. These potential scenarios enable us to explore opportunity and mitigate against risk. Helping the Combined Authority to determine where its resources would impact the best outcomes for the region.
- 2.7. The economic scenarios work will explore opportunities to build a low-carbon economy and create more sustainable and resilient businesses as well as ensuring inclusive growth by enabling as many people as possible to contribute to, and benefit from, economic growth in our communities and towns, irrespective of their background.

### **Meetings with Committees and LEP Board**

- 2.8. On the 16 November 2021 the Business Representatives Group (BRG) met to discuss the economic plan including the proposed approach to sectors and scenarios. This workshop was structured in three parts: ambition, approach, and next steps. Yorkshire PERN attended the workshop to present the work they have conducted on behalf of the Combined Authority and to present four potential economic scenarios based upon their research with businesses. The meeting was also an opportunity to situate the economic plan in the wider context of the West Yorkshire Vision a piece of work been led by the strategy team. Overall, the BRG were supportive of the vision and approach to the economic plan and agreed to participate further in the ongoing shaping of the economic plan.
- 2.9. On 1 December 2022 the LEP Board met and were provided with an update on the progress of the economic plan including the proposed approach to sectors and scenarios.

### **Proposed Way Forward**

- 2.10. The Combined Authority will develop a short "Economic Plan". This will be developed and presented to the next LEP Board in March 2023 and also at

the BEIC committee on the 29 March 2023 for approval. This will include a synopsis of our plan for the next 2 years detailing the pipeline of proposed work and work underway. This will be segmented to reflect work underway with an economic focus and work underway with an employment and skills focus aligned to driving economic outcomes.

- 2.11. The document will be codesigned based on collaboration with Business Representatives and the local authorities. A task and finish group has been assembled and will meet regularly to steer the development of the document. The Task and Finish Group will include representatives from both the private sector and our partner Local Authorities.
- 2.12. Given the short nature of the document, a high-level overview of the proposed content is outlined below:
- Outline our economic vision and priorities for West Yorkshire to achieve by 2040
  - Identify our priority sectors for investment and intervention – focused on emerging, strategic and vital sectors of the economy, and
  - Respond to economic scenarios making the most of the transition to a low-carbon economy while simultaneously maximising the rewards of focusing on inclusive growth.
  - Ensure that the economic plan aligns to West Yorkshire Combined Authorities strategies such as the Employment and Skills strategy and Innovation strategy and works coherently in conjunction with these documents to drive economic prosperity for the region.
- 2.13. Given the scope of the document focusing largely on economic policy, the Business, Economy & Innovation Committee will act as the lead committee for this piece of work.
- 2.14. We will work with the employment and skills committee to enable them to input to the development of the economic plan and ensure it is aligned to the outcomes expressed in the employment and skills strategy.
- 2.15. The below table outlines the intended programme of formal engagement, we will also work closely with key partners (including LEP board members and LA economic policy leads) in between these key stakeholder meetings:

Engagement / Meeting	Dates
Business Communications Group	18 January 2023
Business, Economy & Innovation Committee	24 January 2023
Mayoral Discussion with Business Representative Groups	TBC
LEP Board	8 March 2023 (PM)
Business, Economy and Innovation Committee	29 <sup>th</sup> March 2023

### **3. Tackling the Climate Emergency Implications**

- 3.1. All sectors of the West Yorkshire economy will need to become net-zero carbon if we have any possibility of reaching our 2038 target.
- 3.2. The transition to a low-carbon economy will underpin and be embedded throughout this document – particularly in relation to both the scenario forecasting and sectors approach, recognising the opportunities available from creating new green-skilled jobs and business ventures.

#### **4. Inclusive Growth Implications**

- 4.1. Inclusive growth will be an enabling factor across the development of this document.

#### **5. Equality and Diversity Implications**

- 5.1. As part of the work on sectors, we have undertaken an analysis of the demographic make-up of the economy and will reflect this in the final document that will be developed.

#### **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 Scrutiny Committee notes the update and provides any comment or feedback.

#### **11. Background Documents**

[Committee Report](#): Scenarios & Sectors to the Business, Economy & Innovation Committee (19 October 2022).

#### **12. Appendices**

None.