

## Notes: Inquorate Economy Scrutiny Committee held on 18 January 2023

### Item 1 – Apologies and Quorum

Attendees (9/11): Richard Smith, Chris Pillai, Bob Felstead, Gwen Lowe, Audrey Smith, Gohar Almass (until 11.20), Helen Brundell, Andrew Hollyer, Isabel Owen

Apologies (6): Aneela Ahmed, Zafar Iqbal, Colin Campbell, Ian Sanders, Tony Wallis, Sam Firth

Officers: Kate Thompson, Phil Witcherley, Jennifer Robson, Hannah Scales, Khaled Berroum, James Briggs

***Skipped items 2 and 3 as the meeting was inquorate.***

### Item 4 – Minutes from the last meeting on 16 November 2022

Some Members suggested the minutes didn't capture the full discussion and Cllr Smith asked members to email specifics to officers, but minutes are not intended to be verbatim. Minutes must be approved at next quorate meeting (scheduled for 15 March 2023) alongside the notes of this inquorate session.

### Item 5 – Chairs comments

The Chair thanked officers for rearranging meeting as virtual one at late notice due to pre-confirmed inquoracy. The Chair also expressed disappointed at the lack of quoracy, asked officers to review the schedule next year to avoid any future clashes, and asked members to confirm their attendance at future meetings in good time.

### Item 6 – Economic Plan

Members were provided with a report and presentation outlining the work to date to develop an Economic Plan for the region.

Questions and discussion centred around:

- **Other overlapping plans / strategies:** There is a concern that, with too many plans and strategies, the CA may struggle to monitor attainment of them effectively, and that many of them may overlap. The current plan is to review all existing plans and strategies as part of a new approach wherein a new encompassing 'West Yorkshire Plan' acts as an apex of a suite of strategies which all feed into its overall goals – the Economic Plan will sit below that. The thing that differs this particular plan from other economic strategies is that the Economic Plan is more long-term looking, based on a series of projections ranging from best case to worst case scenarios, and focuses on the entire economy divided into 'enabling', 'strategic' and 'vital' sectors, rather than just on 'high growth' or high-profile sectors common in shorter term plans. Members requested to see the plan again once it was developed, alongside the review of other relevant plans.
- **Alignment between councils and districts:** It is important that the Economic Plan takes into account existing economic plans in the constituent councils and that these are all aligned. A task and finish group of each of the councils has been established, and close work is being undertaken by relevant policy leads and directors in each council and the CA. The final Plan will also be reviewed, and approved by, the LEP

Board and the CA's Business Committee which include senior representation from each council, alongside private sector business representatives to represent various areas and sectors. The council areas also have very differently sized economies, with Leeds understood to be £30bn in GDP and Bradford next at £11bn. A lot more work is needed to ensure a degree of 'levelling up' within the region.

- **Challenge of carbon emissions and inclusivity:** The Plan includes a goal for the economy to become carbon neutral by 2038 and ensure benefits are felt by all in an inclusive way, including by creating 'good jobs' not just jobs. Some feel this might present a conflict with economic growth in general, particularly in certain sectors such as manufacturing, which emit more carbon in general – especially without more investment and support to help those businesses emit less carbon. A review of the entire economy is underway to assess where such support might be necessary to promote less carbon emissions and better paying jobs, debates about a 'circular' and sustainable economy are ongoing, and the biggest employers in the region are the councils and the NHS.
- **Necessity of financial and infrastructure investment:** It would be a challenge to achieve the most positive projections of economic growth without enough investment in key infrastructure, such as transport, and in skills and education, which wouldn't be within the CA's current purview, instead relying on funding from the central government. This is a common challenge across the entire North, not just in West Yorkshire (WY). In WY, the levels of national investment and subsidies in the region is understood to differ by area, with Leeds understood to be subsidised at ten times the rate that the next area Bradford is, according to ONS data seen by Members. Officers will consider the possibility of further subsidies and will pursue that lead.

## Item 7 - Business Spaces and Enterprise Zones

Members were provided with a report and presentation outlining the Enterprise Zones programme and issues relating to the availability of space for businesses in the region.

Questions and discussion centred around:

- **Success and performance of Enterprise Zones (EZs):** The 2017 EZs sites have not yet had the time to impact job creation as expected, with an estimated one-third of expected jobs currently created. The evidence suggests that where authorities can help unlock the stalled EZs sites, investment and the private sector does follow. The oldest, and most successful EZ site, Leeds Aire Valley, took a while to develop but is now fully built and filled. The Gain Lane site was stalled for 15 years prior to EZ designation and the investment of Local Growth Funds (LGF) which enabled capital infrastructure to be developed, and that site is now also full. One area of challenge was that the original vision of attracting *advanced* manufacturing has only succeeded in pockets. Another is that there is some displacement from other areas as companies move to EZs to expand. There is no evidence that there is any adverse effect of competition between EZs which are close to each other in different districts.
- **Level and use of business rates income:** EZs include both business rates relief up to £250,000 for five years for businesses based in them by March 2022 and allow WYCA to retain any business rates revenue generated thereafter until 2042. The projections for business rates revenue were last completed in 2020 when LGF funding was coming to a close and is currently around £2.5m income per annum. To date this revenue was redirected into supporting core business support services at the CA. Members asked about current business rates income and future projected income and

wondered if this could possibly be ringfenced for investment into further revenue generating activities. The LEP has strategic oversight of the EZs and it is understood that the government may reform LEPs further in future, but this should not have a negative impact as the CA acts as the accountable body for both the LEP and for retained business rates. The CA has not performed impact assessments on lost business rates for the local authorities, which they may have done themselves, but in one example, some of the early development of the Aire Valley site (the link road) involved borrowing and Leeds Council was repaid using some of the rates from that site.

- **Demands for space and offices in the region:** Further research is still needed to determine exactly what business needs are with regards to space and if it is suitable for them to expand into and why they have or haven't expanded – in addition to further work to identify all available spaces across the region. Most reports are currently anecdotal and need collating into something more quantifiable and data based. Demands for office space has changed since the pandemic and it is not yet clear what the long-term effect is, as it is a complex picture. There is still the challenge of businesses seeking to move into the region preferring Leeds city centre spaces, but big developments in other council areas such as Bradford's One City Park has shown that there is growing demand for space there too. The CA's inward investment teams which support businesses relocating to the area promote all parts of the region and ensure that businesses are aware of offers outside of Leeds centre.

### Item 8 – Economy Scrutiny Work Programme

The Chair reminded members that the next meeting, on 15 March, was the Mayor's Question Time (MQT) and he hoped that the line of questioning will progress in scope to take into account the fact that the Mayor is now over the half way point in her term. A workshop for members to plan the approach to MQT is scheduled for 21 February.

**Next meeting date – 15 March 2023**