Worcestershire Local Enterprise Partnership

03 – Central Government Updates

WLEP Board

22 November 2024

Budget headlines…

Worcestershire Local Enterprise Partnership

LEP Core Grant (aka transitional) funding:

- 'Minded to' cease funding
- Therefore no additional funding in 2025/26 – this was worth £235k in 2024/25

GH Core Grant funding:

- To continue into 2025/26 at same level at least as 2024/25 – i.e. £261k

UKSPF:

- National commitment to continue for 12 months but at reduced level - £1.6bn to £900m
- UKSPF income worth £1,768k in 2024/25 (note c. £750k was Skills Boost Worcestershire grant pot for businesses)
- Assumption is that 25/26 allocation will go via DCs – subject to confirmation from HMG

KAM (FDI support):

- No formal notification announced as yet re: 2025/26 – this was worth £57k in 2024/25

FINAL ANNOUNCEMENT RE: SETTLEMENT FIGURES - TBD

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Invest 2035:
The UK's Modern Industrial Strategy

Green paper consultation…

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Context:

- In October 2024, HMG published the green paper 'Invest 2035' – setting out the new Government's vision for a 10-yr growth plan
- Focused on tackling barriers to growth in our highest potential growth-driving sectors and places
- Goal is to capture a greater share of internationally mobile investment in strategic sectors
- Green paper sets out Government's approach and asks for views and evidence to help develop the Industrial Strategy and the associated sector plans
- Industrial Strategy and growth-driving Sector Plans to be published alongside the Spending Review in Spring 2025

Eight 'growth-driving' sectors identified:

- Advanced manufacturing
- Clean energy industries
- Creative industries
- Defence
- Digital and technologies
- Financial services
- Life sciences
- Professional and business services

Objectives for Industrial Strategy…

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Industrial Strategy is a central part of the Government's Growth Mission:

- Purpose of the Growth Mission is to fix the foundations of the UK economy and to kickstart a decade of national renewal in order to drive growth and to deliver on the mandate to rebuild Britain, support good jobs, unlock investment and improve living standards across the country
- Aim to deliver Growth that supports high quality jobs and ensures that benefits are shared across people, places and generations

Net Zero:

- The UK is committed to sustainable growth – the UK approach will demonstrate global climate leadership, including focusing on supporting the Clean Energy Mission.
- Build a strong domestic industrial base across services and manufacturing to gain strategic economic advantage

Regional Growth:

- Higher national growth must involve unlocking the economic potential of the UK's cities and regions by tailoring policy to specific place-based constraints and opportunities
- Businesses co-locate in specific clusters – support to be provided though place-based approach to policy

Economic security and resilience:

- Geopolitical shifts, COVID, Russia invasion of Ukraine have exposed vulnerabilities and dependencies within global trading environment
- UK's long-term growth needs to be secure and resilient, including by building a secure supply of critical goods.

Creating a Pro-Business Environment…

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Key Policy Areas:

- Based on initial feedback from businesses and cross-economy business intelligence, there are several policy areas that are important for growth-driving sectors and the pro-business environment
  - People and Skills
  - Innovation
  - Energy and infrastructure
  - Regulatory environment
  - Crowding in investment
  - International partnerships and trade

Principles for the Industrial Strategy:

- Building long-term stability
- Renewing commitment to free and fair trade
- Easing the investor journey
- Being a strategic, growth-focussed state

Key questions and discussion…

Consultation Process:

- Invest 2035 poses 35 questions on subjects ranging from barriers to investment, use of data to support businesses, skills, competition and technology adoption to name a few
- Views are being sought from businesses, experts, unions, local and regional actors, and other interested parties
- Analysis of Worcestershire's alignment with the growth-driving sectors has been attached for WLEP Board review and to inform discussion at the meeting on questions flagged below
- The Executive Team will submit a response on behalf of WLEP

Link to full document:

- Invest 2035: the UK's modern industrial strategy

Key Questions for WLEP Board input:

- Based on analysis undertaken in attached Worcestershire clusters report – what are the key messages you'd like us to feed back to Government in WLEP response.

- Q4 – What are the most important subsectors and technologies that the UK government should focus on and why?

- Q5 – What are the UK's strengths and capabilities in these subsectors?

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Worcestershire 2040 Vision:

"A **connected, creative, dynamic economy** for all."

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