

Report to: West Yorkshire Combined Authority

Date: 4 September 2020

Subject: **COVID-19 Update**

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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 checked="" 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:	N/A

1. Purpose of this report

- 1.1 To present the first iteration of the West Yorkshire COVID-19 Economic Recovery Plan, including four detailed supporting propositions, for endorsement by the Combined Authority.
- 1.2 Present the Combined Authority with current progress on the delivery and development of products and services in response to the COVID-19 crisis.
- 1.3 Due to the fast-moving nature of this agenda item, a verbal update will also be given at the meeting.

2. Information

Context

- 2.1 Although it is too soon to define what will happen to the economy over the coming months, our response work and recovery planning to date has responded to evidence and intelligence on the key issues seen to date:
 - Cash flow and immediate access to finance
 - Implications for employment, self-employment and the skills system, with particular links to the furlough situation moving forward

- Lockdown issues related to output and activity
- Safe return to work as some lockdown measures are eased
- Pressures for the transport system and on town/city centres

Economic Recovery

- 2.2 As has been reported previously, the longer-term planning for economic recovery for West Yorkshire is being overseen by a West Yorkshire Economic Recovery Board¹, which is a working group of the Combined Authority and brings together the five West Yorkshire Leaders and LEP Chair with partners from the private sector, trade unions, public bodies and the third sector, to develop robust plans for the region's economic recovery and to help build an inclusive and sustainable economy for the future.
- 2.3 A draft economic recovery plan was produced with input from a wide range of stakeholders, including the Panels of the LEP, and was endorsed initially by the Combined Authority on 27 July, with further work since to update propositions (see 2.5) and to include more on culture and the role of places.
- 2.4 Section 11 of this report (appendices) includes a link to the updated and first complete iteration of an Economic Recovery Plan for West Yorkshire, which the Combined Authority are asked to endorse. The plan focusses on three action areas of **good jobs and resilient businesses**, **skills and training** and **accelerated infrastructure**, and two overarching goals of **inclusive growth** and **sustainable environment**. It sets out what steps are required by national government, at a regional level, and how this aligns with local authority level activity, across three stages of rescue, re-imagining and resilience. Across the plan there are **initial funding asks in the order of £1.4bn**, which will need to be further refined and developed subject to future announcements and further understanding of the impact of the crisis and direction of recovery.
- 2.5 Within this outline funding ask, the plan also identifies four distinctive West Yorkshire propositions that can deliver not just for the region's recovery, but also make a significant contribution to the UK economy as a whole. Each proposition (and further ones may be added), includes both an offer and ask to Government. The propositions are included at appendix 4:
1. **Health innovation** (£60m) – building on the region's strengths in devices, data and diagnostics, unlocking industry collaboration, skills and a globally positioned Act Early institution on disease prevention.
 2. **Lives transformed by digital tech** (£159m) - ensure no one is left behind in a digital-enabled future, by driving infrastructure, digital skills and Made Smarter investment to support digital adoption in manufacturing.
 3. **Transition to Net Zero Carbon Resilient Economy** (£192m) – supporting our net zero 2038 target, with unique industry strengths in low carbon transport, clean agri-tech, construction and circular economy,

¹ Further details on the full membership and terms of reference of the recovery board can be found at: <https://www.westyorks-ca.gov.uk/erb>

delivering critical green and blue infrastructure, up to 71,300 jobs and skills and training to help people into low carbon opportunities.

4. **Entrepreneurship** (£340m) – focussed on our diverse communities, existing scale-up performance and our MIT REAP programme for high growth pre-starts, unleash an entrepreneurial revolution, transforming empty properties and supporting high-growth potential start-ups.
- 2.6 The plan aligns with but does not duplicate local Council plans, two of which have been published in to date², as well as the Transport Recovery Plan and other regional plans e.g. on health, tourism and culture.
- 2.7 The plan is underpinned by modelling commissioned from Experian which sets out the evidence base and sensitivity assessment of the potential economic trajectories for growth based on a series of economic scenarios. The report will be published in due course. This approach ensures the plan is responsive to the significant uncertainty around the path of economic recovery and can be updated as the implications of COVID-19 continue to develop.
- 2.8 The five local authority leaders, with the chair of the LEP, have sent a letter to the Chancellor (Appendix 2) asking to meet to discuss the plan and how it can be taken forward. The letter also included a summary of the plan, which has been published on the Economic Recovery Board website (Appendix 3).

Business Support and Engagement

- 2.9 The Combined Authority/LEP continues to see ongoing high demand from businesses and individuals resulting from the COVID-19 crisis. For example, the Growth Service (renamed Business Support Service) dealt with over 4,000 enquiries from businesses in the period from the end of March 2020 through to early August 2020 (a 65% increase on the corresponding period last year).
- 2.10 Since late July 2020, the volume of enquiries rose significantly in line with levels experienced in early April 2020 i.e. 80% increase on the corresponding period from the previous year. This was mostly due to the Government announcement regarding £20m of additional funding being available for small businesses in response to the impact of COVID-19. It also coincided with some Local Authorities launching the second round of their Discretionary Grants Schemes, which also resulted in high customer traffic to the Gateway, particularly from businesses in Leeds.
- 2.11 By early August 2020, the Local Authorities of West Yorkshire had delivered over £500m of grant funding to over 36,000 businesses via the initial and discretionary schemes. Local Authorities, with support from SME Growth Managers and the LEP Gateway Team, have now awarded over £5m of their Discretionary Grant Fund allocations to over 1000 businesses, including private day nurseries, suppliers to retail, leisure and hospitality and manufacturers, alongside those in shared service centres and some charities.

² See publications of the [Kirklees Economic Recovery Plan](#) and the Wakefield [Economic Growth and Skills: COVID 19 Response Plan](#)

- 2.12 The Digital Resilience Voucher scheme is now underway as part of the wider Digital Enterprise programme. It is providing grants of up to £5,000 to small firms to support with the cost of ICT equipment, and associated software, in the process enabling more effective and secure remote working. Over 500 applications with a collective value of almost £2m are now being appraised, with over 100 being awarded to date.
- 2.13 In addition to the above, the Business Support Team is working closely with colleagues in the York and North Yorkshire LEP and MHCLG to develop and deliver a new support scheme for SMEs impacted by COVID-19. Building on the earlier voluntary coaching scheme delivered in the first quarter of 2020/21 by the LEP, this will involve an allocation of circa £1.3m for West Yorkshire which will be made available to firms in the form of small grants of between £1,000 and £3,000. The grants will be used to purchase specialist advice from private sector consultants to help firms formulate recovery plans.
- 2.14 The LEP continues to engage with over 30 of the region's largest organisations to protect employment and operations in the COVID-19 crisis. This is providing a useful conduit for gathering intelligence on likely economic shocks and challenges. Since the last CA meeting a number of high-value inward investment enquiries have been received and the team is now trying hard to secure these to Leeds City Region.

Employment and Skills support

- 2.15 The number of people claiming out of work benefits increased by 3% in West Yorkshire and the wider City Region between June and July following a stable position the previous month. There are now 108,500 claimants in West Yorkshire and 131,100 claimants in Leeds City Region.
- 2.16 The last meeting received a summary of measures announced in the Chancellor's summer statement, including the £2bn 'kickstart scheme' to create around 350,000 jobs for 16-24 year-olds by funding six months work placements. No further detail is yet available about the delivery of the scheme but approaches are being made by employers that are keen to engage. There is an appetite from Mayoral Combined Authorities and LEPs to have a formal role in the delivery of Kickstart, particularly to coordinate and broker between individuals and employers.
- 2.17 Local Authorities and the Combined Authority work closely with Jobcentre Plus and will continue to engage as more details emerge about the national programme to ensure that support for individuals is as seamless as possible and to identify any gaps.
- 2.18 As per previous updates, the existing part-ESF funded Employment Hub programme delivered by the Combined Authority along with LA partners, has been swiftly adapted to match jobseekers to opportunities across the region and expand its support for businesses. More information and online enquiry forms can be found for businesses at the-lep.com/employment-hub and jobseekers at futuregoals.co.uk/careers-support

At the time of writing (17 August), we have received 335 individual referrals and 35 business enquiries, with half of the businesses making contact since the announcement of incentives for recruiting apprentices in the Chancellor's summer statement. An increasing proportion of individuals contacting the programme are under the age of 25, reflecting the impact that the current crisis is having on the employment prospects on younger people.

- 2.19 As reported at the last meeting, the Combined Authority's adult re-training programme, [re]boot, is targeting individuals who are currently furloughed or looking for an opportunity to re-train. These are aligned to areas with greatest growth opportunities and new courses are being developed with employer involvement. Since launch in November, the programme has supported over 200 individuals. Recent graduates, school leavers and people on furlough are particularly being targeted for re-training through 24 online courses. Social media campaigns have reached 142,556 people since May.
<https://futuregoals.co.uk/lep-skills-support-during-lockdown/>

Transport Response

- 2.20 During August, bus services were operating at 90% of normal service mileage, this will increase to around 100% from the start of September. Social distancing limits the capacity of buses to around 50%. Overall patronage in August was at 45%, whilst off peak and weekend bus use has grown steadily through the summer, morning and evening peak use has remained low.
- 2.21 Demand for rail services has shown a gradual increase week on week and is now operating at approximately 30% of normal levels and generally social distancing is possible on most services. The next stage in reinstating service levels is planned to come into force on Monday, 14 September however they will not be at 100% of pre pandemic levels as resources remain restrained.
- 2.22 On 8 August, Government announced the continuation of the COVID-19 Bus Services Subsidy Grant (CBSSG) which provides funding support to operate bus services at pre COVID-19 service levels despite the significant reduction in fare revenue. This is paid direct to bus operators for commercial bus services and to LTAs including the Combined Authority for tendered bus services. The Government has put this funding on a rolling eight-week basis and will presumably give notice of reduction or termination when the rules regarding social distancing on public transport are eased or lifted. As part of this arrangement, Government has asked LTAs to continue to pay for concessionary fares at the level operating prior to the pandemic.
- 2.23 At the time of writing, arrangements to provide transport to support the return to school/ college are being finalised including the provision of around 60 additional buses. The Combined Authority has been awarded £1.9 million from Department for Education to meet the cost of this additional provision in the region over the first half term. The Department for Education has also issued specific guidance for the provision of home to school transport setting out precautions to reduce the risk of COVID-19 transmission.

- 2.24 Following the successful Tranche 1 bid to the Department for Transport's Emergency Active Travel fund, a Tranche 2 bid was submitted on 7 August. Council partners are now implementing Tranche 1 schemes.

Internal organisational update

- 2.25 In terms of the internal organisational response, we are continuing to respond to the situation in line with our incident management and business continuity procedures and managing the response through a "gold command" structure.
- 2.26 In order to ensure ongoing business continuity, each of our teams continue to implement their existing service level plans to enable frontline and business critical services to operate smoothly. All service areas have also reviewed their 2020-21 business plans in light of the anticipated areas of work that will be required to assist in the recovery processes. The updated business plans were presented to the July meeting of the Combined Authority.
- 2.27 Detailed work is also continuing to consider the medium and long term financial impacts of the pandemic on the financial health of the Combined Authority, with outputs from ongoing scenario planning being reported to the Budget Working Group in the first instance.
- 2.28 We are continuing to proactively communicate with staff on the latest Government advice through regular emails, a dedicated section on our intranet, Frequently Asked Questions and all-staff webinars. Managers are also receiving more tailored advice on how to support their staff and are being provided with support from HR where required. UNISON is also being kept fully briefed on our actions and approach.
- 2.29 In terms of other measures that continue to be in place to respond to Government guidance these include:
- Ongoing homeworking for all staff who are able to do so, with the vast majority of staff (over 400) now working remotely;
 - Continuing to keep our City Exchange and Wellington House offices closed, apart from essential access, but with plans in place for some limited bookable office space to be made available from September;
 - Supporting frontline staff in bus stations to continue with their day to day activities and providing advice on social distancing in addition to physical measures and public information;
 - Holding formal meetings by video call to enable decision making processes to continue; and
 - Enabling staff to plan working time around family/caring responsibilities.

3. Clean Growth Implications

- 3.1 Clean Growth will continue to be supported through the current and new products delivered in response to COVID-19 and is at the heart of the Economic Recovery Plan as an overarching goal. The reduction in travel and the increased use of ICT to facilitate effective remote working is having a positive impact on the environment. Businesses will continue to be supported

to apply innovation and digital technologies to adapt their products and services to meet current and future demand.

4. Inclusive Growth Implications

- 4.1 As part of the current Inclusive Growth framework, any businesses that receive grants from the above products would be required to contribute to Inclusive Growth actions and outcomes via their funding agreements.
- 4.2 Inclusive Growth is embedded as an overarching goal in the Economic Recovery Plan.

5. Financial Implications

- 5.1 New recovery products would require either increased flexibility on the use of current funding streams (e.g. grants awarded for capital investment to be used for working capital, or the procurement of professional advice with recovery / contingency planning), or new funding altogether.

6. Legal Implications

- 6.1 As above, delivery of some of the proposed products will require contractual approvals from Government, and/or new funding allocations that would result in new contractual obligations for the Combined Authority.

7. Staffing Implications

- 7.1 Delivery of the products included in the report would require changes to current staff roles and/or additional staff to be recruited.

8. External Consultees

- 8.1 No specific or official external consultations have been undertaken in relation to this report. However, it has been informed by ongoing dialogue and consultation with a wide range of partners, including Local Authorities, Universities and Colleges, Business Representative and Membership Bodies, and direct with some individual businesses.

9. Recommendations

- 9.1 That the Combined Authority notes progress on the delivery and development of the response to the COVID-19 crisis.
- 9.2 That the Combined Authority endorses the first version of the West Yorkshire COVID-19 Economic Recovery Plan and supporting detailed propositions, and provides any further comments for consideration in updating of the plan as the impacts of COVID-19 develop.

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

Appendix 1: West Yorkshire Economic Recovery Plan (first version)
www.westyorks-ca.gov.uk/media/4413/draft-west-yorkshire-economic-recovery-plan

Appendix 2: Letter to the Chancellor of the Exchequer
www.westyorks-ca.gov.uk/media/4381/letter-to-the-chancellor-190820.pdf

Appendix 3: West Yorkshire Economic Recovery Plan - Summary
www.westyorks-ca.gov.uk/media/4380/west-yorkshire-combined-authority-economic-recovery-plan-summary.pdf

Appendix 4: West Yorkshire Economic Recovery Propositions

- i. Health Innovation
www.westyorks-ca.gov.uk/media/4420/recovery-proposition-health-innovation-20200826.pdf
- ii. High Growth Driven Entrepreneurship
www.westyorks-ca.gov.uk/media/4419/recovery-proposition-innovation-driven-entrepreneurship-20200826.pdf
- iii. Lives Transformed by Digital Technology
www.westyorks-ca.gov.uk/media/4418/recovery-proposition-lives-transformed-by-digital-tech-20200826.pdf
- iv. Transition to Net Zero Carbon Resilient Economy
www.westyorks-ca.gov.uk/media/4417/recovery-proposition-towards-net-zero-20200826.pdf