
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 23 January 2019

Subject: **Business Communications Group (BCG) update**

Director: Alan Reiss, Director of Policy, Strategy and Communications

Author(s): Racheal Johnson

1. Purpose of this report

- 1.1 To provide LEP Board members with an update on the meeting of the Business Communications Group (BCG), held on 12 December 2018.
- 1.2 To provide the Board with a summary of key communications and marketing activities delivered by the West Yorkshire Combined Authority's Communications and Marketing team in support of the LEP Board's objectives in October and November.

2. Information

BCG meeting

- 2.1 The BCG last met on 12 December. The meeting was chaired by Martin Hathaway from the Mid Yorkshire Chamber of Commerce as Chair, Joanna Robinson, was away.
- 2.2 The main discussion item was on barriers to growth among businesses in the region, and in particular what steps business representative bodies were taking to support their members through Brexit. The key points raised through the update, for the LEP Board's attention, were:

Brexit:

- Overall, those BCG members present noted a **fall in confidence** among their members compared with the previous quarter, which they felt was largely the result of growing Brexit uncertainty.
- **Uncertainty around any Brexit deal is the main challenge** representative bodies are facing in putting in place adequate support for members. The Chambers in the region and the Federation of Small Businesses have put in place checklists (which are available to any business; not just members) to help firms consider what issues they may

need to address as a result of Brexit, however until the contents of any deal are known, it is not possible to provide focused support.

- There is **evidence of stockpiling** in certain key sectors – particularly manufacturing and chemical/ healthcare industries. This is leading to shortages of components (notably in the electronics sector)/ ingredients and increased costs (including increases in commercial warehousing rents as businesses require additional space for stockpiling).
- There is concern that the recent trend towards **reshoring** – particularly among manufacturers in the region – could reverse if access to international markets becomes more complex as a result of Brexit and/ or costs increase.
- The York, North Yorkshire and East Riding (YNYER) LEP’s “Grow Yorkshire” initiative was highlighted as a good example of targeted support for **rural businesses and farmers** in the region, which are facing particular issues as a result of Brexit. The merger between the YNYER LEP and Leeds City Region Enterprise Partnership is seen as an opportunity to extend this support to rural/ agricultural businesses in West Yorkshire.
- **Access to Horizon 2020 funding**, which has provided significant support for university innovation/ R&D programmes in the region, is likely to discontinue after Brexit. This is expected to affect both institutions – in a context of falling student numbers – and businesses.
- There is a concern that Brexit could lead to a significant **skills gap within the construction sector**, in which businesses are already struggling to recruit. A recent report by the CITB suggested that EU migrant labour represents 8% of the industry workforce nationally.

Wider business issues

- **Transport** remains a key issue for businesses in the region. The series of rail strikes in the run-up to Christmas were having a particular impact on retail businesses, and there are concerns that stores in some town/ city centres may close as a result.
- A **slowdown in recruitment** has been noted in several sectors – this is likely the result of skills shortages in certain sectors, plus a reluctance among many businesses to take on new staff ahead of Brexit.
- There is a notable **digital skills gap** in many sectors – notably in construction and manufacturing, which have an ageing workforce. The CITB is developing a campaign to attract more young people into the construction sector to address this.
- A **lack of affordable housing in rural parts of the region** is compounding recruitment issues among rural/ agricultural businesses.
- The Government’s target of **raising R&D spend** to 2.4% of GDP is considered challenging, but many universities are now exploring opportunities to work with the private sector as a result.
- A **reduction in university tuition fees** is expected, which will have an impact on universities’ income – as a region where the concentration of higher education institutions is a key asset, this is a key issue for the LEP Board to note.

- **Clean Air Zone, Leeds** – recent changes in scope are broadly welcomed however there are some ongoing concerns about whether a small number of small businesses will be disproportionately affected by the proposals.
 - Businesses are continuing to highlight major issues with the national **Apprenticeships Levy**. Particular concerns were noted around the need for consistent quality standards around training provision, bureaucracy and the overall image of apprenticeships as a key route to filling businesses' skills gaps. It was noted that retention of unspent Levy money should be a key ask of devolution discussions.
- 2.3 BCG members received an update on the **LEP review** and the proposal for the Leeds City Region Enterprise Partnership to merge with York and North Yorkshire. The proposal was broadly supported by BCG members, however it was noted that the best aspects of both LEPs should be retained in any new structures – in particular the current rural focus of the YNYER LEP could provide opportunities for businesses in West Yorkshire.
- 2.4 The BCG was advised that work on a **Local Inclusive Industrial Strategy** covering the new LEP geographic area would begin at pace. Members welcomed this development, and asked to be actively engaged in the development of the strategy.
- 2.5 Finally, the BCG received an update on progress with the City Region's **European Structural and Investment Funds (ESIF)** allocation, and principles being put forward to Government around the future UK Shared Prosperity Fund. BCG members welcomed the progress on allocating as much existing ESIF investment as possible before the programme ends, and reiterated some of the key principles businesses would want to see in any new funding regime. In particular, BCG members stressed the importance of flexibility and local control of any new funding, and of focusing on leverage rather than match funding to enable participation of private and third sector organisations in delivering funding programmes. The group requested that updates on future funding developments be brought to future BCG meetings.
- 2.6 BCG meeting dates for 2019 are: 20 March, 5 June, 18 September and 12 December.

Communications and marketing update

- 2.7 Communications and marketing highlights from October and November include:
- A significant spike in advertising value equivalent (AVE) in October as a result of the **Channel 4 announcement**. This resulted in significant national media coverage, which has been sustained through subsequent activity in November. November also saw the launch of a London campaign to capitalise on the spotlight created by Channel 4 to attract further firms and/ or skilled workers to the region.
 - **Social media reach has increased month-on-month throughout 2018**, with combined impressions across all Combined Authority/ LEP channels

totalling close to 10,000,000 in November (from just over 1,000,000 in April).

- Marketing campaigns delivered since 1 April 2018 have generated **over 37million opportunities to see across all channels**. Current live campaigns include the “Best of All Worlds” London campaign, activity in support of MIPIIM 2019, the “Discover Digital” digital skills campaign, “Earn It” adult skills campaign and the “Make your Move” campaign to encourage participating in cycling in the region.
- As at 30 November 2018, consultation and engagement activity led by the Combined Authority has **exceeded its 2019/19 annual target** of £100,000. The majority of consultation and engagement activity this year has focused on the development of major transport and regeneration schemes, funded through the LEP Growth Deal. The team has also led engagement around changes to LEP business grant programmes and the LEP review.

3. Financial Implications

3.1 None.

4. Legal Implications

4.1 None.

5. Staffing Implications

5.1 None.

6. External Consultees

6.1 None.

7. Recommendations

7.1 That LEP Board members note the contents of this report.

7.2 That members offer comments on the business challenges and issues raised by BCG members in section 2.2.

8. Background Documents

8.1 None.

9. Appendices

9.1 None