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**Report to:** Business, Innovation and Growth Panel

**Date:** 21 May 2020

**Subject:** **Covid-19 Economic Response and Recovery**

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## **1. Purpose of this report**

- 1.1 Present the Panel with progress on the delivery and development of products and services in response to the COVID-19 crisis.
- 1.2 Seek approval from the Panel for the continued delivery and development of products and services in response to COVID-19, and for input to wider recovery work.
- 1.3 Due to the fast-moving nature of this agenda item, verbal updates will also be given at the meeting.

## **2. Information**

### Background

- 2.1 The full implications of COVID-19 on the region and its economy are still to be understood. However, it is already clear that it will have a significant long-term impact. At a city region level, work is taking place both to support the immediate response and to begin to develop what might be required in recovery. This paper contains details on both of these elements.
- 2.2 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 significant evidence and intelligence gathered on a number of important issues being collected and collated in a weekly published monitoring report. Key issues raised to date include:
  - Cash flow and immediate access to finance
  - Implications for employment, self-employment and the skills system
  - Lockdown issues related to output and activity

- Supply chains and particularly the need for PPE and other medical equipment and services
  - Pressures for the transport system and on town/city centres
- 2.3 This work is being overseen by a new West Yorkshire Economic Recovery Board, which is a working group of the West Yorkshire Combined Authority (CA) and brings together the region's local authority leaders with representatives from key partnerships and stakeholders. At their first meeting on 30 April 2020, the Board agreed a strategic vision for recovery with three priorities:
1. developing resilient and thriving businesses, boosted by innovation, high skills and entrepreneurialism;
  2. developing an inclusive economy that provides people with a decent standard of living;
  3. promoting environmental sustainability in all parts of the region.
- 2.4 It will be important for all panels of the LEP to contribute to this work, with the BIG Panel having a particular focus on the first of these priorities.

#### Response to COVID-19

- 2.5 The CA / LEP has seen a significant increase in demand from businesses and individuals since the start of the Covid-19 crisis. For example, the Growth Service (renamed Business Support Service) has dealt with over 2,700 enquiries since the end of March to early May 2020, which is an increase of over 80% on the corresponding period of the previous year.
- 2.6 As a result of the above, the Business Gateway element of the service has increased its capacity by training an additional 10 members of staff from across the organisation to work alongside the existing two full-time Business Information Officers. At the time of writing (early May 2020) the need for this additional resource has dissipated as the volume of enquiries has reduced to circa 25% above pre-COVID-19 levels.
- 2.7 In addition to the above, the team of 21 SME Growth Managers (funded by the CA / LEP as part of the Business Support Service delivery model) have been actively supporting their own circa 1500 SME clients, and also helping their Local Authorities to respond to the huge demand for the business rates related grants across the City Region. Also, at the time of writing, the Local Authorities of West Yorkshire have delivered over £400m of the grants to 33,000 businesses in West Yorkshire alone, accounting for over 70% of those eligible. Work continues by the Local Authorities to reach eligible firms that have not yet come forward and to handle more complex cases that require further investigation.
- 2.8 The enquiries to the Business Support Service Gateway and Growth Managers since late March 2020 have been predominantly related to the Government support package i.e. business rates related grants, business loans, support for the self-employed and the Job Retention Scheme. This

support is detailed within the Business Support Product Portfolio, alongside the other support available to businesses in the City Region from the CA / LEP and its partners. The document has been made available to the wider business support community and is being regularly updated to include new and adapted products e.g. the Business Bounce Bank Fund, the Futures Fund and support from the Arts Council.

- 2.9 Many of the businesses contacting the Business Support Service have requested support with contingency planning. In addition to the much higher volume of enquiries received, the average length of the calls has been nearer to 15 minutes as opposed to the pre-COVID-19 average of circa five minutes. The understandable requirement, from small firms in particular, for longer conversations, including an important element of emotional support and provision of a 'sounding-board', has resulted in the development of the new Business Coaching Scheme.
- 2.10 This is providing small firms with two hours of free expert coaching from private sector intermediaries, such as large accountancy practices and business consultants. To date, over 60 volunteer coaches have signed up to the scheme via a social media campaign, and over 30 coaching relationships have already commenced. Although coaches are being asked to volunteer two hours of support, many are providing much more than this, which typifies the generosity evident within the business support community's response to the crisis.
- 2.11 A number of the current products delivered by the Business Support team have been adapted to meet the current situation, and to reach a larger audience of SMEs. This includes the expansion of the Strategic Business Growth project to provide additional intensive support for the 400 high growth firms supported to date, as well as a number of resilience and recovery webinars that have been available to all businesses. In addition, the current Investment Readiness project has also moved a large proportion of its delivery to on-line, with new webinars focussed on access to finance, including how to access the new Coronavirus Business Interruption Loan Scheme (CBILS), how to present strong business cases and investment propositions, and how to embed robust financial management. To date, over 20 new webinars have been delivered with almost 200 businesses participating, including 72 that are new to the programme. Feedback from businesses has been very positive so far.
- 2.12 The City Region's scale-up programme, Strategic Business Growth (SBG), has also adapted its delivery model to provide a range of new webinars, including how to pivot for success, the mindset gym, people management and leadership groups. At the time of writing, 265 people from 85 businesses had registered for the webinars. The tender exercise to appoint a delivery partner(s) for the next phase of SBG closed in early May 2020 with 13 responses received. The outcome of this will be reported at the next meeting of the panel.

- 2.13 It is also important to stress that the wide range of products and services available to businesses in the City Region are still being accessed, with over 20 applications for capital grants related to business expansions having come forward since late March 2020. In addition, applications for grant support from businesses seriously affected by the floods in early 2020 are also now being submitted for appraisal. The accompanying report on Business Support provides more detail on the current project delivery for the Business Growth Programme, the Productivity Pilot, Access Innovation, Resource Efficiency Fund and the Travel Plan Network.

#### PPE and Healthcare Supply Chain

- 2.14 In partnership with Local Authorities (through Growth Managers and the Employment Hubs), the University of Huddersfield's Supply Chain programme, Medilink, the Department for International Trade and the Textiles Centre of Excellence, the CA/ LEP has established a programme of support for City Region businesses that want to manufacture and/or supply healthcare products into the NHS, social care sector and other emergency services. This includes Personal Protective Equipment (PPE) and other essential products and equipment, such as ventilators, mattresses, and sanitisers.
- 2.15 The above is being complemented by a ringfenced capital grant budget of £3m from the Business Growth Programme that, to date, has been utilised by City Region businesses to support the supply of parts for a major ventilator order from the NHS, a new sanitiser product for health and social care settings and the supply of over 12,000 mattresses for the new Nightingale hospitals, including the one in Harrogate. In addition, there are two major applications in the pipeline for substantial PPE manufacturing facilities to be established within the City Region. The aim of this work is to build a more resilient and sustainable supply chain for healthcare products capable of serving health and social care providers in the Leeds City Region and across the country.
- 2.16 The CA / LEP has also established an access point and gateway for businesses in the City Region, and further afield, interested in supplying PPE products. The service is also working closely with procurers in the health and social care sectors, and with the Yorkshire Purchasing Organisation (YPO), to directly link supply and demand. To date, over 70 businesses have contacted the gateway, with 12 being referred directly to senior procurement leads in the NHS and Local Authorities, 30 to the YPO and the others accessing support from the partners referenced above to get them into stronger positions to supply the products. Further information, including the detailed specifications for PPE products, can be found at : - <https://www.the-lep.com/business-support/personal-protective-equipment-ppe/>
- 2.17 In early April 2020, Chair of the LEP, Roger Marsh OBE, instigated weekly meetings between the four Yorkshire and Humber LEP Chairs and representatives of all the major banks in the region since (including BIG Panel members). These constructive sessions, which have also included the British Business Bank and business representative organisations (Chambers of Commerce, FSB and CBI) have been useful in unblocking some of the access

issues with the CBILS. They have also improved the referral routes between banks and the Growth Hubs, and have been instrumental in lobbying for, and supporting the design of, the new Bounce Back Loan Scheme.

- 2.18 The LEP continues to lead the Yorkshire and Humber Growth Hub Cluster, which involves coordinating activity, and capturing and reporting intelligence, across the wider region on the business impacts of COVID-19. A cluster coordinator will shortly be appointed to formalise and drive forward the collaboration, and to identify and implement business support interventions across the region with the expected uplift funding from the Government and the EU.

#### Recovery planning and product development

- 2.19 Although response activity will continue for some time to come, businesses and individuals are rightly looking towards what next and how the economy will recover post-COVID-19. At the City Region level, work has commenced at pace to create an economic recovery plan (in line with the vision at 2.3 of the West Yorkshire Economic Recovery Board), acknowledging that any plan will need to be updated as further information, intelligence and decision making occurs. The approach for this work is focussed on a four-stage cycle:

1. Data and intelligence,
2. Scenarios,
3. Narratives
4. Products and programme.

- 2.20 The economic recovery plan will consider what is needed at the city region level to support recovery, and what the risks and opportunities are to existing challenges for the region's economy. In particular this relates to key BIG Panel agendas including: how to improve regional productivity, low levels of R&D and innovation, persistent inequalities and how businesses can support clean growth.

- 2.21 Key questions being considered for the recovery plan in meeting these existing challenges, which Panel members are asked to consider, include:

- How should we measure a successful recovery?
- How targeted should interventions be?
- Where should we concentrate interventions?
- What is the priority for spending?

- 2.22 Acknowledging the importance of continuing to develop the recovery planning in line with emerging evidence and policy, a number of recovery-related products are already in development, with others under consideration, that respond to some of the challenges that have already emerged. It is important to stress that funding has not been identified for these products at this stage, and it will be critical to balance timely interventions with making the most significant possible impact, particularly as difficult decisions on priorities will need to be made.

- 2.23 The products under consideration will be discussed in more detail at the meeting, but are currently focussed on advice, support and funding for business recovery, support for businesses to innovate and diversify, support to build digital capacity to enable more effective remote-working (including cyber security) and more support for pre-start and start-up firms.

### **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. The reduction in travel and the increased use of ICT to facilitate effective remote working is clearly 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.

### **5. Financial Implications**

- 5.1 The delivery and development of 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 CA.

### **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 recruitment

### **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 Panel notes progress on the delivery and development of products and services in response to the Covid-19 crisis.
- 9.2 That the Panel approves the work to deliver and further develop products and services in response to Covid-19.
- 9.3 That the Panel provide feedback on the developing recovery work, in particular on the key questions set out at 2.21.

## **10. Background Documents**

There are no background documents referenced in this report.

## **11. Appendices**

None