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

Date: 10 June 2020

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

Director(s): Brian Archer, Director of Economic Services

Author(s): Henry Rigg

1. Purpose of this report

- 1.1 Present the LEP Board with progress on the delivery and development of products and services in response to the COVID-19 crisis.
- 1.2 Seek approval from the LEP Board for the continued delivery and development of products and services in response to COVID-19, and for 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 and will not be known in full for some time. 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 and brings together the region's local authority Leaders with the Chair of the LEP and 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 At its meeting on 28 May, the Board confirmed its areas of focus as:

- Business, Innovation and Trade
- Employment and Skills
- Inclusive Growth
- Environment and Carbon
- Infrastructure and Capital Projects

All these areas will be link into and align with plans being developed by others, including on transport and health. All committees and panels of the Combined Authority and the LEP will have the opportunity to contribute to the analysis and interventions being developed (see paragraph 2.19).

Response to COVID-19

2.5 The Combined Authority / 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 (mid 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 Combined Authority / 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.

- 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 Combined Authority/ 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 Combined Authority / 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, the Chair of the LEP instigated weekly meetings between the four Yorkshire and Humber LEP Chairs and representatives of all the major banks in the region (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 Product Development

- 2.19 Although response activity will continue for some time to come, businesses and individuals are rightly looking towards the future and how the economy will recover post-COVID-19. At the regional level, work has commenced at pace and in partnership to create an economic recovery plan, acknowledging that any plan will need to be updated as further information, intelligence and decision making occurs, and that it would need to complement plans developed by local authorities. The approach for this work is focussed on four-stages:
1. Data and intelligence
 2. Scenarios
 3. Narratives
 4. Products and programmes.
- 2.20 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.
- 2.21 The products under consideration were discussed in more detail at the BIG Panel meeting on 21 May 2020, and are focussed on advice, support and funding for business recovery, support for businesses to innovate and diversify, support to build digital capacity to enable effective remote-working (including cyber security) and more support for pre-start and start-up firms.

Transport Update

- 2.22 As reported to the previous meeting, a limited bus and rail service was provided following the introduction of the “lockdown” arrangements in March. Ahead of the Prime Minister’s announcement on 10 May, the Department for Transport initiated a discussion with the Combined Authority and the wider transport sector towards an increase in provision to support its phased return to work initiative. As a result, bus and rail services will increase to around 70% of normal frequency by the end of May. Capacity is however severely constrained to 10-20% by social distancing limitations. The Government guidance for travel is for people to avoid use of public transport to maintain capacity for those who need it to travel to work. Given the challenges of maintaining social distancing on public transport, people have been advised to wear face coverings. Fuller details were awaited at the time of writing.
- 2.23 In anticipation of an increase in ridership following the new Government guidance, works are in progress at bus stations, interchanges and bus shelters to reinforce the social distancing advice and to reduce the risk of overcrowding.
- 2.24 On 9 May, the Government announced additional £250m funding to promote works which will support walking and cycling. At the time of writing, details of the value and terms of this funding were awaited from Government.
- 2.25 The emergency arrangements for funding bus services as reported to the last meeting will expire on 9 June 2020. Discussions are in progress with the Department for Transport seeking clarity of further funding for the next phases of the emergency period. Cllr Blake and the Metro Mayors wrote to the Secretary of State on 6 May 2020 recommending that all public sector funding for buses be directed through the metropolitan area Local Transport Authorities including the Combined Authority. A verbal update will be provided to the meeting.

Internal organisational update

- 2.26 The internal organisational response to COVID-19 is to continue to respond to the situation in line with our incident management and business continuity procedures and have instigated a “gold command” response to oversee this.
- 2.27 For business continuity, each of our teams are implementing their existing service level plans to ensure frontline and business critical services continue to operate smoothly. All service areas have also reviewed their business plan priorities to ensure that these reflect any emerging areas of work that will be required to assist in the recovery processes.
- 2.28 Detailed work is also under way to consider the medium and long term financial impacts of the COVID-19 pandemic on the financial health of the Combined Authority. Initial scenario planning highlights a combination of loss of income coupled with increased costs that, continuing over a full year, would create a revenue funding gap of some £12 million. These figures are subject to

further review as the landscape changes and further information comes to light but there is as yet no direct support from government for anything other than a small proportion of additional bus costs. It is currently unclear how the additional bus costs set out in paragraph 2.25 will be met. It is proposed that forecasts and options are considered by a meeting of the Budget Working Group and a report is also made to the next meeting of the Governance and Audit Committee.

2.29 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.

2.30 Other measures that continue to be in place to respond to Government guidance 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;
- Supporting frontline staff in bus stations to continue with their day to day activities and providing advice on social distancing;
- Holding formal meetings by video call to enable decision making processes to continue; and
- Working with staff to enable people to plan their 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. 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. Financial Implications

4.1 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.

4.2 The wider organisational financial impacts are set out in paragraph 2.28.

5. Legal Implications

- 5.1 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.

6. Staffing Implications

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

7. External Consultees

- 7.1 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.

8. Recommendations

- 8.1 That the LEP Board notes progress on the delivery and development of products and services in response to the COVID-19 crisis.
- 8.2 That the LEP Board considers the position with regard to the impact of COVID-19 on the bus industry and organisation.

9. Background Documents

There are no background documents referenced in this report.

10. Appendices

None