
Report to: Overview and Scrutiny Committee

Date: 10 July 2020

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

Director: Brian Archer, Director of Economic Services

Author: Henry Rigg, Alex Clarke, Ian Smyth

1. Purpose of this report

- 1.1 Outline the progress on the delivery and development of products and services in response to the COVID-19 crisis.
- 1.2 Provide an update on the progress of the Economic Recovery Board.
- 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, with particular links to the furlough situation moving forward
 - Lockdown issues related to output and activity

- Supply chains and particularly the need for PPE and other medical equipment and services
- Safe return to work as some lockdown measures are eased
- Pressures for the transport system and on town/city centres

2.3 The longer-term planning for recovery 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 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

The plan will align with, but not duplicate, local plans being developed by Councils, as well as the Transport Recovery Plan being led by Transport Committee and other regional plans e.g. health. (see paragraph 2.20).

Response to COVID-19

2.5 The Combined Authority/LEP continues to see an increase in demand from businesses and individuals resulting from the COVID-19 crisis. For example, the Growth Service (renamed Business Support Service) dealt with over 3,000 enquiries from businesses in the period from the end of March 2020 through to mid-May 2020 (an 80% increase on the corresponding period of the previous year). In the last few weeks, the volume of enquiries has slowed down which can be partly attributed to the introduction of new and amended products and services from the LEP/Combined Authority, Local Authorities and the Government. These include the rates-related grants from the Local Authorities, the Bounce Back Business Loans and the range of webinars, and other on-line support, on such issues as contingency planning, safe/secure home-working, cashflow management and return to work measures.

2.6 In addition to the above, the team of 21 SME Growth Managers (funded by the Combined Authority/LEP as part of the Business Support Service delivery model) continue to support their own circa 1500 SME clients. This has included providing intensive support to over 500 businesses in the first two months of 2020/21, which is 50% of their collective annual target. The Growth Managers have also supported their Local Authorities to distribute the business rates related grants across the City Region. At the time of writing

(early June 2020), the Local Authorities of West Yorkshire have delivered almost £450m of the grants to over 34,000 businesses, accounting for over 90% of those eligible. Their considerable efforts and success in getting the much-needed support to so many firms so quickly has been well-recognised by the business support community across the region and within Government.

- 2.7 Again at the time of writing (early June 2020), the Local Authorities have all recently launched their discretionary grants schemes to provide funding of up to a maximum of £10,000 for those small businesses (under 50 staff) that did not meet the criteria of the original scheme. Each Local Authority has been given an additional 5% of their initial allocations and have introduced schemes to support those firms that have fixed property-related costs, but do not pay business rates directly to councils.
- 2.8 The Combined Authority/LEP has worked closely with the Local Authorities across the sub-region to co-design the schemes, which has facilitated a good level of consistency for West Yorkshire. For example, all the district schemes are capped at £10,000 and there is a focus on supporting tenants of shared business centres/managed workspace with their fixed property costs from between March and September 2020. Support for private day nurseries is also being prioritised by several districts, alongside support for firms that supply to the retail, leisure and hospitality sectors.
- 2.9 The free coaching support for small firms introduced as an immediate response to the high volume of business owners needing some initial guidance has now come to an end. Almost 40 businesses accessed help with contingency planning from local private sector specialists, and the feedback from both businesses and coaches has been extremely positive. The Combined Authority/LEP is now hopeful of accessing some additional Government funding to expand and formalise the scheme. This could involve the allocation of vouchers that businesses can redeem with private sector experts to assist with financial and risk planning, legal issues, HR issues or safe return to work.
- 2.10 A number of the current products delivered by the Combined Authority/LEP's 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 various finance products available to ease with cashflow challenges, how to present strong business cases and investment propositions, and how to embed robust financial management. To date, over 25 new webinars have been delivered with almost 250 businesses participating, including 80 that are new to the programme. Feedback from businesses has been very positive so far. A TV And Film Development Fund was established using the Creative Industries Opportunity Programme and launched in partnership with Screen Yorkshire and has seen over 50 applications for grants of between £2,500 and £25,000.

- 2.11 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 almost 30 applications for capital grants related to business expansions and resource efficiency 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 (three from Calderdale approved at the time or writing to a value of circa £200,000). Furthermore, guidance and funding for businesses related to innovation, productivity, sustainable travel planning (including active travel) and skills development, continues.
- 2.12 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. It is also proving useful in terms of assessing how the Government's emergency measures are working and how businesses are recovering as lockdown begins to lift. Prominent trends being discussed at the moment include: measures being taken to facilitate active travel and allow employees to return to work, the technical aspects of the furlough scheme as it evolves and how businesses are considering the legal practicalities surrounding the Government guideline on providing a safe working environment for employees.

PPE and Healthcare Supply Chain

- 2.13 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.
- 2.14 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 to healthcare settings across the UK. Other significant applications are in the pipeline, including one for a huge number of surgical gowns, and 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 West Yorkshire and across the country.
- 2.15 The Combined Authority/LEP has also established an access point and gateway for businesses in West Yorkshire, 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, 97

businesses have contacted the gateway, with 31 being referred directly to senior procurement leads in the NHS and Local Authorities, over 60 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/>

- 2.16 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 recently received uplift funding from the Government. Although modest in volume, this funding will add value to current delivery and regional models for work on the food and drink sector, business start-up and the visitor economy are being explored.

Employment and Skills support

- 2.17 Despite the redundancies being caused by COVID-19, there remain a wide range of job vacancies available within Leeds City Region in sectors like social care which has long faced challenges recruiting and in businesses that are striving to keep up with the new demands and challenges brought to them since the global pandemic hit the UK in February 2020.

In response to this, 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. In April, the service re-launched to offer new job seekers and businesses free impartial support with employment brokerage.

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 (3 June), we have received enquiries from 186 individuals and 16 businesses. We anticipate that demand may increase, particularly if – as expected – redundancies rise when the Government's Job Retention Scheme (furlough) comes to an end.

- 2.18 The Combined Authority's adult re-training programme, [re]boot, is part-funded through European Social Fund (ESF). [re]boot enables working adults (post 18) the chance to upskill, gain new skills/qualifications and improve their employment options particularly within key regional sectors, focused on construction, digital, manufacturing & engineering and the creative sector. <https://futuregoals.co.uk/lep-skills-support-during-lockdown/>

In response to COVID-19 partners have so far developed 11 different and imaginative online courses that will be promoted to individuals who are currently being furloughed or looking for an opportunity to re-train. All courses

are delivered through West Yorkshire Consortium of Colleges and Leeds Trinity University. New offers include:

- Digital Data Analysis Incorporating an Introduction to Coding
- Digital Marketing: How to Use Metrics and Analytics
- Boosting Digital Productivity – Collaborative Technology Skills.
- Introduction to Web Development

- 2.19 A series of learning at home careers resources have been developed, aimed at students aged 11 - 18. The resources draw on robust labour market information and focus on the most in-demand skills that employers in the region are looking for. The resources are due to be launched in phases between 8 May - 29 June 2020 and will be promoted through the 180 schools and colleges in our network as well as through a targeted marketing and social media campaign.

FutureGoals Spotlight learning resources, developed in partnership with Burberry, have also been adapted to be digital editable PDFs to respond to the current remote working situation. Updated teacher guidance has also been produced on how students can learn about the breadth of the creative industry in our region from home. <https://futuregoals.co.uk/spotlight/>

West Yorkshire Economic Recovery Plan and Product Development

- 2.20 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, the work of the Economic Recovery Board (see paragraph 2.3) has commenced at pace and in partnership to create an economic recovery plan for West Yorkshire, acknowledging that any plan will need to be updated as further information, intelligence and development of national policy occurs.

- 2.21 The approach for this work is focussed on four-stages:

1. Data and intelligence
2. Scenarios
3. Narratives
4. Products and programmes.

This will result in a set of products and programmes that can be deployed at regional level in each of the five areas of focus identified by the Economic Recovery Board, as well identifying those distinctive areas of regional strength and opportunity where West Yorkshire can work with Government to deliver inclusive and sustainable economic growth.

- 2.22 At their latest meeting on 11 June, the Economic Recovery Board agreed a draft list of the key challenges they are seeking to address in the recovery plan for each of the areas of focus, which will drive proposals for products and programmes:

Business, Innovation and Trade

- Delivering levelling up through increased productivity

- Rescuing and building resilience across strategic regional sectors
- Making supply chains more resilient
- Increasing digital & innovation driven entrepreneurialism

Employment and Skills

- Supporting the unemployed back to work
- Preventing NEETs and high volumes of 16-24 unemployment
- Addressing inequality of access to learning
- Building a strong skills offer for the regional labour market
- Improving skills utilisation in the workplace

Inclusive Growth

- Ensuring wellbeing
- Securing good work and inclusive employment environments
- Delivering relevant, transferable skills for employment and entrepreneurship
- Providing accessibility through public transport and digital connectivity

Environment and Carbon

- Capitalising on positive, climate-friendly behaviour change
- Investing in new low carbon sectors and infrastructure, creating new markets and jobs, and building resilient communities

Infrastructure and Capital projects

- Investing to deliver levelling-up of the North
- Building inclusive communities for successful towns and cities of the future
- Putting people first in the delivery of new homes
- Building the infrastructure that protects and connects both urban and rural communities and businesses.

- 2.23 All committees and panels of the Combined Authority and the LEP are now being asked to consider and contribute to the analysis and interventions being developed to meet each of the challenges identified above. Close contact is also being maintained with Government as the Combined Authority delivers on its role of leading economic recovery planning for West Yorkshire, as recognised in the recent letter from Simon Clarke MP, Minister for Housing Communities and Local Government (see **Appendix 1**).
- 2.24 A comprehensive range of recovery-related products and proposals are being developed to meet the short (rescue), medium (recovery and re-imagining) and long (resilience) term phases needed to build a successful economy. 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. For example, a number of products are being developed focussed on advice, support and funding for business recovery and safe return to work, support for businesses to innovate and diversify into new markets (domestic and overseas), support to build digital capacity to enable effective remote-working (including cyber security), and a regional model to promote and support enterprise and business start-ups. To support people into work, proposals are being developed that will better signpost jobs and careers,

deliver the skills required for self-employment, support those at risk of redundancy with re-training, reinforce apprenticeship opportunities and support those most in need to access learning.

Transport Response

- 2.25 Following the Prime Minister's announcement on 10 May, steps were taken to restore bus and rail services to support Step 2 of the Government's recovery roadmap which occurred on 1 June. Around 75% of services are now operating, with some bus routes restored to normal frequencies between 0700 and 1900 Monday to Friday. Capacity is however severely constrained by social distancing limitations to around 20% of normal. At the time of writing, demand for public transport is expected to grow following the restart of non-essential retail from 15 June. Communications messages from the Combined Authority have sought to discourage travel by public transport and to warn of the risk of delays to passengers if buses or trains cannot allow people on because they have reached their safe capacity. From 15 June, passengers were required to wear a face covering on buses and trains.
- 2.26 Works have been carried out at Combined Authority operated bus stations, interchanges and bus shelters to reinforce the social distancing advice and to reduce the risk of overcrowding. There was a partial re opening of Bus Station Travel Centres from 15 June. A limited resumption of AccessBus is planned for August however social distancing will significantly constrain the service.
- 2.27 The Combined Authority has also been working with schools to provide transport to support the limited return to school of some year groups. Should social distancing requirements continue to operate in September when a more extensive return of schools and colleges is expected, there will be significant cost and practical implications of increasing transport provision to meet this.
- 2.28 The emergency arrangements for funding bus services as reported to the previous meeting have been extended until August and involve the Combined Authority continuing to pay bus operators for concessionary travel reimbursement at the rates applicable prior to the pandemic with Government paying an emergency grant direct to bus operators and LTAs. The Combined Authority has imposed conditions on its element of funding to ensure an "open book" approach on costs and finance and to ensure the bus service is delivered to meet the needs of the community.
- 2.29 The significant reduction in public transport passenger revenues is expected to continue into the recovery period and will lead to financial pressures for bus operators and the Combined Authority. Cllrs Blake and Groves have written to the Secretary of State seeking a more accountable approach to bus funding during the further phases of the recovery period and discussions continue with the Department for Transport. On rail, the current emergency government funding support ends in August, whilst Northern Rail and LNER will continue to operate under government control, there will be financial uncertainties for all other franchises

- 2.30 On 9 May 2020, the Government announced additional £250m funding to promote works which will support walking and cycling with a first tranche of £45m; the West Yorkshire share of this is £2.513m. In consultation with the Chair and members of Transport Committee, the Combined Authority submitted its proposals to the Department for Transport on 5 June 2020.

Internal organisational update

- 2.31 In terms of the internal organisational response to COVID-19, we are continuing to respond to the situation in line with our incident management and business continuity procedures and are continuing to manage the response through a “gold command” structure.
- 2.32 In terms of 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.
- 2.33 Detailed work is also under way to consider the medium and long term financial impacts of the 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 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.
- 2.34 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.
- 2.35 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;
 - 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

- 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. 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 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 Overview and Scrutiny Committee notes the report outlining the response to the COVID-19 crisis.

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

Appendix 1: Letter from Simon Clarke MP, Minister for Housing, Communities and Local Government, to Cllr Susan Hinchcliffe, Leader of West Yorkshire Combined Authority.