

Report to: West Yorkshire Combined Authority

Date: 27 July 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 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 Present the Combined Authority with current progress on the delivery and development of products and services in response to the COVID-19 crisis.
- 1.2 Due to the fast-moving nature of this agenda item, verbal updates 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 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
 - Safe return to work as some lockdown measures are eased

- Pressures for the transport system and on town/city centres

Business Support and Engagement

- 2.2 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 3,500 enquiries from businesses in the period from the end of March 2020 through to late June 2020 (a 60% increase on the corresponding period of the previous year).
- 2.3 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.
- 2.4 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 600 businesses in the first three months of 2020/21, which is over 50% of their collective annual target.
- 2.5 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 July 2020), the Local Authorities of West Yorkshire have delivered almost £500m of the grants to over 35,000 businesses. 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.
- 2.6 Again at the time of writing (early July 2020), the Local Authorities have all 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. To date, over £4.5m has been provided via the schemes across West Yorkshire to over 850 businesses. There has been a collective focus on businesses in shared accommodation, charities ineligible for the previous grants, private sector day nurseries, suppliers to retail, leisure and hospitality and some manufacturers.
- 2.7 The LEP has recently launched a new grants scheme in partnership with the Digital Enterprise Programme. The scheme provides digital resilience vouchers of up to £5,000 to small firms to support with the cost of ICT equipment, and associated software, to enable more effective remote working. The scheme has been incredibly popular with over 500 applications in its first week from businesses across all sectors. Although encouraging to receive

such a huge response, it has meant that the original allocated budget is already oversubscribed resulting in the need to close the scheme to new applications. Options to secure additional funding, and then potentially reopen the scheme, are currently being assessed.

- 2.8 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 40 applications for capital grants related to business expansions and resource efficiency having come forward since late March 2020. There has been a particularly high number of grant applications from businesses in the food and drink manufacturing sector since the start of June 2020, with over £700,000 of investment being made in the City Region with a commitment to create over 60 jobs in total. Applications from the wider manufacturing sector, particularly medical-related products, have also been relatively high, but other parts of the wider sector that have previously been a good source of applications (e.g. automotive, aerospace and defence-related) have declined.
- 2.9 Grant-recipients will continue to be linked directly to the Employment Hubs and other employment and skills provision available from the LEP and its partners. Furthermore, guidance and funding for businesses related to innovation, productivity, sustainable travel planning (including active travel) and skills development, continues.
- 2.10 Work continues to develop new products, and to attempt to secure the required resources for implementation, in the areas of business start-up, business resilience and recovery planning (including through membership of networks with robust support offers for small firms), business diversification and innovation, investment to support safe-working measures and cyber security guidance for small firms. An allocation of funding from Government is also expected in the coming weeks to support businesses in the Visitor Economy, and this is likely to be delivered in partnership with colleagues in North Yorkshire. The CA will be kept abreast of these developments within future reports.
- 2.11 The LEP Business Support Service had its five-year anniversary on 2 July 2020. In the period since its launch, the service has supported 14,800 individual businesses and provided grant investment to businesses of almost £50m, which has leveraged £330m of business investment and created over 9,000 jobs.
- 2.12 The service has also facilitated over 100 different products - delivered by a wide range of local, regional and nation partners - to be embedded in the business support eco-system and to be accessed by the region's businesses. It has been, and will continue to be, delivered via a 'hub and scope' partnership model between the LEP, CA and Local Authorities. The service has just had its third independent evaluation and findings and recommendations will be shared in the next report.
- 2.13 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.

Employment and Skills support

- 2.14 With 130,000 Universal Credit claimants and an estimated 344,000 people on furlough in Leeds City Region, a further increase in redundancies is anticipated. Some national projections applied to the city region would suggest that another 60,000 jobs will be immediately at risk as the Government's Job Retention Scheme (furlough) winds down.
- 2.15 In the Chancellor's summer statement, the following measures were announced to address this national issue:
- £9bn Jobs Retention bonus:
£1,000 bonus for every employee that returns from furlough and is paid a minimum £520 per month November to January. Paid in February 2021.
 - £2bn 'kickstart scheme' to create jobs for young people (16-24-year olds) to fund six months work placement for around 350,000 young people.
 - o For each "kickstarter" job, the government will cover the cost of 25 hours' work a week at the National Minimum Wage - £4.55 for under 18s, £6.45 for 18 to 20-year-olds, and £8.20 for 21 to 24-year-olds. Employers will be able to top up that payment if they wish.
 - o Payments to employers for new jobs only and for 6 months, equivalent to £6,500 per new job - no cap on volume of placements.
 - o Applications will open in August and the scheme will run until December 2021
 - Apprenticeships - next six months employers will be paid to create new apprenticeships, £2,000 per apprentice plus £1,500 for over 25s. This is in addition to the existing £1,000 payment for 16-18-year-old apprentices.
 - 30,000 traineeships for 16-24-year olds - £1,000 incentive for employers, and £1,500 for under 25s
 - Employment support; doubling of front line staff at job centres, as well as an extra £32m for recruiting extra careers advisers and £17m for sector work academies in England to triple places. In total, an additional £1bn support for DWP.
- 2.16 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.

- 2.17 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 (3 July), we have received enquiries from almost 300 individuals and 16 businesses. Recently, there has been an increase in enquiries from people under the age of 25 and people at risk of redundancy.

- 2.18 As reported at the last meeting, the Combined Authority's adult re-training programme, [re]boot, is particularly targeting individuals who are currently being furloughed or looking for an opportunity to re-train. These are aligned with the areas where there are the greatest growth opportunities and new courses are currently being developed with employer involvement <https://futuregoals.co.uk/lep-skills-support-during-lockdown/>

Recent graduates, school leavers and people on furlough are particularly being targeted for re-training support through 24 online courses.

- 2.19 Learning at home careers resources, aimed at students aged 11-18, have been well-received by schools and downloaded by hundreds of young people, parents and teachers. <https://futuregoals.co.uk/spotlight/>

Transport Response

- 2.20 A separate report on this agenda sets out the current position relating to bus services; around 75% of bus services are operating carrying 40% of usual passenger levels. A revised rail service was introduced on 6 July increasing to over 70% of normal service a further uplift on 14 September to around 85%. Rail patronage remains low with footfall through Leeds station 18% of the levels observed pre COVID-19.
- 2.21 Face coverings are now mandatory on public transport and revised social distancing provisions have been adopted which enables up to 45-50% of normal capacity to travel safely.
- 2.22 Following the release of Government guidance on 2 July relating to the full return to schools and colleges, the Combined Authority is working closely with schools and local authorities to provide the necessary transport. Whilst social distancing requirements will not apply to dedicated school buses, they will impose capacity issues on the public bus services which carry significant numbers of pupils and students. This will require the procurement of additional buses with significant cost and practical implications. At the time of writing, there remains uncertainty as to how the additional provision will be funded.

- 2.23 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 Combined Authority was successful in obtaining £2.513m. In consultation with the Chair and members of Transport Committee, the Combined Authority will submit its proposals for tranche 2 to the Department for Transport.
- 2.24 The Combined Authority has carried out the research to understand how the pandemic has changed working and travel patterns and to start to assess the longer-term trends that will influence planning on the transport network. The survey saw 700 residents comprising a representative sample of West Yorkshire's communities interviewed over the telephone. The process will be repeated in the coming weeks to track how the results change as lockdown restrictions are lifted. Findings from the initial survey included:
- **39%** of respondents said they are currently walking and running more than before lockdown and **35%** of respondents said they are currently cycling more than before lockdown
 - **27%** of regular public transport users said they will travel by car more in the coming weeks than before lockdown and **29%** reported being very concerned about using public transport
 - **64%** said that, in the long term, they are likely to work from home more often than before lockdown
- 2.25 The Combined Authority is developing a Transport Recovery Plan which is included with a separate item on this agenda.

Internal organisational update

- 2.26 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.
- 2.27 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.
- 2.28 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.

2.29 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 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 Combined Authority notes progress on the delivery and development of the response to the COVID-19 crisis.

10. Background Documents

There are no background documents referenced in this report.

11. Appendices

None