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

Date: 3 September 2020

Subject: **COVID-19**

Director: Brian Archer, Director of Economic Services

Author: Henry Rigg, Head of Business Support

Purpose of this report

- 1.1 Present the Leeds City Region Enterprise Partnership Board (LEP) with current progress on the delivery and development of products and services in response to the COVID-19 crisis.
- 1.2 To present the first iteration of the West Yorkshire COVID-19 Economic Recovery Plan for endorsement by the Board.
- 1.3 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 ongoing high demand from businesses and individuals resulting from the COVID-19 crisis. For example,

the Growth Service (renamed Business Support Service) dealt with over 4,000 enquiries from businesses in the period from the end of March 2020 through to early August 2020 (a 65% increase on the corresponding period of the previous year).

- 2.3 Since late July 2020, the volume of enquiries rose significantly in line with levels experienced in early April 2020 i.e. 80% increase on the corresponding period from the previous year. This was mostly due to the Government announcement regarding £20m of additional funding being available for small businesses in response to the impact of COVID-19 (more details below). It also coincided with some Local Authorities launching the second round of their Discretionary Grants Schemes, which also resulted in high customer traffic to the Gateway, particularly from businesses in Leeds.
- 2.4 In addition to enquiries about the above grants, the other most common issues that businesses contacting the Gateway are facing include: - cashflow management and access to finance, the ongoing changes to furlough arrangements between now and the Autumn, safe/secure home-working and return to work measures.
- 2.5 Further 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 700 businesses in the first four months of 2020/21, which is considerably above their collective annual target.
- 2.6 Growth Managers have also supported Local Authorities to distribute business rates related grants across the City Region. By early August 2020, the Local Authorities of West Yorkshire had delivered over £500m of the grants to over 36,000 businesses. They have also awarded over £5m of Discretionary Grant Fund allocations to over 1000 businesses, including private day nurseries, suppliers to retail, leisure and hospitality and manufacturers, alongside those in shared service centres and some charities.
- 2.7 The Digital Resilience Voucher scheme is underway as part of the wider Digital Enterprise programme, providing grants of up to £5,000 to small firms to support with the cost of ICT equipment, and associated software, in the process enabling more effective and secure remote working. As previously reported, the scheme has been popular with over 500 applications with a collective value of almost £2m received in just one week. As a result, colleagues from across the Economic Services Directorate, and indeed from other parts of the Combined Authority, have been allocated to appraise applications on a temporary basis, with over 100 being awarded to date.
- 2.8 The Government has now approved the LEP's proposal for an additional £187.500 of Growth Hub uplift funding for 2020/21. This will be used to bolster the Gateway's capacity to service the expected ongoing high demand from firms for support related to COVID-19 and EU Transition. It will also provide funding for a project to provide 'hands on' guidance and advice to small businesses with matters related to cyber security. Both the Digital Board and

the Business, Innovation and Growth Panel have recently emphasised the need for such support as more small firms adapt to the current situation by using a range of ICT kit and platforms to work remotely. A partner will shortly be procured to deliver the project through to April 2021, after which it is expected that the support will be incorporated within the Digital Enterprise programme and delivered through to 2023. The Combined Authority has worked closely with the National Cyber Security Centre on the development of the tender specification, and the working relationship will continue throughout the duration of the project.

- 2.9 In addition to the above, the Business Support Team is working closely with colleagues in the York and North Yorkshire LEP and MHCLG to develop and deliver a new support scheme for SMEs impacted by COVID-19. Building on the LEP's earlier voluntary coaching scheme delivered in the first quarter of 2020/21, this will involve an allocation of circa £1.3m for West Yorkshire made available to firms in the form of small grants of between £1,000 and £3,000. The grants will be used to purchase specialist advice from private sector consultants to help firms formulate recovery plans, and could include support with legal, contractual, HR, health and safety and digital / technology matters. Small capital grants to help firms adapt to new trading arrangements, including ICT and safe-working investments, are also allowable, but the applicants must clearly demonstrate how these will aid COVID-19 recovery and resilience.
- 2.10 The Combined Authority has agreed to act as the accountable body for North Yorkshire's allocation of the above funding (circa £500,000) as there are no current eligible projects in delivery covering that geography to which the new monies can be linked. Ringfenced allocations have been made available in both regions specifically to support SMEs in the visitor economy, with £320,000 for West Yorkshire and £260,000 for North Yorkshire. Consultation with Local Authority tourism leads and other stakeholders, including Welcome to Yorkshire, is ongoing, raising awareness of the support and shaping the criteria. The grants for both regions are expected to be available to businesses in September 2020 with funding available until the end of March 2021.
- 2.11 An extension to the current Peer to Peer programme being delivered via the Business Growth Service will also commence in September 2020 with new Peer Networks funding from the Department for Business, Energy and Industrial Strategy (BEIS). This will involve six cohorts of between six and eleven SMEs participating in a structured programme of one-to-many group support and one-to-one coaching. It will provide the owner-managers with the opportunity to receive constructive feedback and guidance from peers on their business plans, and to offer that in return in a trusted and confidential setting. The delivery will commence from the Autumn and run through until the end of March 2021, with an impact evaluation being undertaken nationally by BEIS.
- 2.12 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 50 applications for grants related to new equipment, property expansions, the development of new products / process, diversifying into new markets (domestic and global) 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 £750,000 of investment being made in the City Region with a commitment to create over 70 new jobs in total. Applications from the wider manufacturing sector, particularly medical-related products and some areas of engineering, have also been relatively high. However, other parts of the wider sector that have previously been a good source of applications (e.g. automotive, aerospace and some areas and defence-related) have declined.

- 2.13 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.
- 2.14 The LEP continues to engage with over 30 of the region's largest businesses to protect employment and operations in the COVID-19 crisis, providing a useful conduit for intelligence on likely economic shocks and challenges. It is also helpful in assessing how the Government's emergency measures are working and how businesses are recovering as lockdown begins to lift. Current trends 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

- 2.15 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.
- 2.16 In the Chancellor's summer statement, the following measures were announced to address this national issue:
- £9 billion 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.
 - £2 billion Kickstart Scheme to create jobs for 16-24 year olds to fund six months work placement for around 350,000 young people.
 - o For each Kickstarter job, the government will fund 25 hours' work a week at the National Minimum Wage. Employers will be able to top up that payment if they wish.
 - o Payments to employers for new jobs only for 6 months, equivalent to £6,500 per new job - no cap on number 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 £32 million for recruiting extra careers advisers and £17 million for sector work academies in England to triple places. In total, an additional £1 billion support for DWP
- 2.17 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.
- 2.18 As per previous updates, the existing part-ESF funded Employment Hub programme delivered by the Combined Authority and Local Authority 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
- 2.19 As reported at the last meeting, the Combined Authority's adult re-training programme, [re]boot, is targeting individuals who are currently furloughed or looking for an opportunity to re-train. These are aligned to areas with greatest growth opportunities and new courses are being developed with employer involvement. Recent graduates, school leavers and people on furlough are particularly being targeted for re-training support through 24 online courses. <https://futuregoals.co.uk/lep-skills-support-during-lockdown/>
- 2.20 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/>

Economic Recovery

- 2.21 As has been reported previously, the longer-term planning for economic recovery for West Yorkshire is being overseen by a West Yorkshire Economic Recovery Board¹, which is a working group of the West Yorkshire Combined Authority and brings together the five West Yorkshire Leaders and LEP Chair with partners from the private sector, trade unions, public bodies and the third sector, to develop robust plans for the region's economic recovery and to help build an inclusive and sustainable economy for the future.
- 2.22 A draft economic recovery plan was produced with input from a wide range of stakeholders, including the Panels of the LEP, and was endorsed initially by

¹ Details on the full membership and terms of reference of the recovery board can be found at: <https://www.westyorks-ca.gov.uk/erb>

the Combined Authority on 27 July, with further work since to update propositions (see 2.24) and to include more on culture and the role of place.

- 2.23 Section 10 of this report (appendices) provides the link to the updated and first complete iteration of an Economic Recovery Plan for West Yorkshire. The plan focusses on three action areas of **good jobs and resilient businesses, skills and training** and **accelerated infrastructure**, and two overarching goals of **inclusive growth** and **sustainable environment**. It sets out what steps are required by national government, at a regional level, and how this aligns with local authority level activity, across three stages of rescue, re-imagining and resilience. Across the plan there are **initial funding asks in the order of £1.4bn**, which will need to be further refined and developed subject to future Government announcements and further understanding of the impact of the crisis and direction of the recovery.
- 2.24 Within this outline funding ask, the plan also identifies four distinctive West Yorkshire propositions that can deliver not just for the region's recovery, but also make a significant contribution to the UK economy as a whole. Each of the propositions (and further propositions may be added), includes both an offer and ask to Government. In summary, these propositions are:
1. **Health innovation** (£60 million) – building on the region's world-leading strengths in devices, data and diagnostics, unlocking industry collaboration, skills and a globally positioned Act Early institution on disease prevention.
 2. **Lives transformed by digital tech** (£159 million) - ensure no one is left behind in a digital and tech enabled future from the basis of the fastest growing digital sector in the UK, driving broadband infrastructure, digital skills and Made Smarter investment to support digital adoption in manufacturing.
 3. **Transition to Net Zero Carbon Resilient Economy** (£192 million) – supporting our net-zero 2038 target, with unique industry strengths in low carbon transport, clean agri-tech, construction and circular economy, delivering a pipeline of critical green and blue infrastructure, and identifying up to 71,300 jobs and skills and training to help people retrain into low carbon opportunities
 4. **Entrepreneurship** (£340 million) – focussed on the diversity of our communities, our existing scale-up performance and our MIT REAP programme for high growth pre-starts, unleashing an entrepreneurial revolution, transforming empty properties and providing accelerator funding for high-growth potential start-ups.
- 2.25 The plan aligns with, but does not duplicate, local plans being developed by Councils, two of which have been published in West Yorkshire² to date, as well as the Transport Recovery Plan and other regional plans e.g. on health, tourism and culture.

² The [Kirklees Economic Recovery Plan](#) and the Wakefield [Economic Growth and Skills: COVID 19 Response Plan](#)

- 2.26 The plan is underpinned by modelling commissioned from Experian which sets out the evidence base underpinning the plan and sensitivity assessment of the potential economic trajectories for growth based on a series of economic scenarios. The report will be published in due course. This approach ensures the plan is responsive to the significant uncertainty around the path to economic recovery. As the implications of and recovery from COVID-19 continue to develop, it is expected that the plan will be further updated.
- 2.27 The five local authority leaders, with the chair of the LEP, have sent a letter to the Chancellor (Appendix 2) to ask the Government to meet with them to discuss the plan and how it can be taken forward. The letter also included a summary of the plan, which has been published on the Economic Recovery Board website (Appendix 3).

3. Clean Growth Implications

- 3.1 Clean Growth will continue to be supported through products delivered in response to COVID-19. The reduction in travel and the increased use of ICT to facilitate effective remote working is having a positive impact, and will continue to be monitored and built upon. Businesses will continue to be supported to apply innovation and digital technologies to adapt their products and services to meet current and future demand. One of the key propositions is to support the transition to a zero carbon economy.

4. Financial Implications

- 4.1 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.

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 organisation.

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 recruited.

7. External Consultees

- 7.1 No specific or official external consultations have been undertaken in relation to this report. However, the activities summarised here have 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 the response to the COVID-19 crisis.
- 8.2 That LEP Board endorses the first version of the West Yorkshire COVID-19 Economic Recovery Plan and provides any further comments for consideration in updating of the plan as the impacts of COVID-19 develop.

9. Background Documents

None.

10. Appendices

Appendix 1: West Yorkshire Economic Recovery Plan (first version)
www.westyorks-ca.gov.uk/media/4413/draft-west-yorkshire-economic-recovery-plan

Appendix 2: Letter to the Chancellor of the Exchequer
www.westyorks-ca.gov.uk/media/4381/letter-to-the-chancellor-190820.pdf

Appendix 3: West Yorkshire Economic Recovery Plan - Summary
www.westyorks-ca.gov.uk/media/4380/west-yorkshire-combined-authority-economic-recovery-plan-summary.pdf