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

**Date:** 17 November 2020

**Subject:** **COVID-19**

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

- 1.1 To provide the LEP Board with an update on developments around the COVID-19 crisis, including current progress on the delivery and development of products and services in response to the COVID-19 crisis
- 1.2 To provide an update on the West Yorkshire Economic Recovery Plan, including providing further detail on four supporting propositions, presented in summary terms at the last LEP Board.
- 1.3 Due to the fast-moving nature of this agenda item, a verbal update will also be given at the meeting.

## **2. Information**

### Context

- 2.1 Although it is still highly uncertain what will happen to the economy over the coming months, our response work and recovery planning to date has responded to evidence and intelligence on the key issues:

- 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
- The impact of local and national restrictions on output and activity
- Safe return to work as restrictions are eased
- Pressures for the transport system and on town/city centres

### Local Alert Levels and National Lockdown

- 2.2 In October, the Government introduced a new system of Local Alert Levels. On Thursday 29 October 2020 it was announced that West Yorkshire would move into Tier 3 (Very High) from 2 November 2020. This followed a series of

discussions between Local Authority Leaders and Ministers about the health data, how best to tackle the virus, the local support required, specific restrictions, protecting the vulnerable, and economic support for the region.

- 2.3 The planned move to Tier 3 was superseded by the announcement that the whole of England would move into a form of national restrictions from Thursday 5 November 2020. Alongside this, a package of business support was announced. This includes:
- Extension of the Job Retention Scheme (Furlough), with Government contributing 80% of salary, and therefore the Job Support Scheme would not be brought in at this point.
  - Self-employed income support scheme – with Government contributing up to 40%
  - Businesses required to close will be eligible for grants up to £3,000 a month
  - £20 per head discretionary grant, which works out at £46.6 million for West Yorkshire.
- 2.4 It is also expected that previously announced “Tier 2” business support would be backdated to areas that have been in restrictions for longer periods. This would, to varying degrees, apply to each Council in West Yorkshire. At the time of writing, confirmation is being sought from Government on this detail.
- 2.5 On 5 November 2020, the Government announced that it would extend national support for jobs and businesses in the following ways:
- Further extend the Job Retention Scheme to the end of March.
  - Not pay the Job Retention Bonus in February but instead redeploy a retention incentive at the right time
  - Increase the third self-employed grant, covering November to January, from 55% to 80% of trading profits.
- 2.6 At the time of writing, Combined Authority and Council officers are working through the implications of these announcements and working with local authority partners on the approach to delivering business grants. A verbal update will be provided at the meeting.
- 2.7 In addition, Councils will receive a £8 per head to support local health measures including test and trace, worth c.£18.5 million. This includes the £3 per head previously committed.
- 2.8 Information published by the Government is available here:  
[www.gov.uk/government/news/furlough-scheme-extended-and-further-economic-support-announced](http://www.gov.uk/government/news/furlough-scheme-extended-and-further-economic-support-announced)  
[www.gov.uk/government/news/government-extends-furlough-to-march-and-increases-self-employed-support](http://www.gov.uk/government/news/government-extends-furlough-to-march-and-increases-self-employed-support)  
[www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities](http://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities)

## Economic Recovery

- 2.9 As has been reported previously, the longer-term planning for economic recovery for West Yorkshire is being overseen by a West Yorkshire Economic Recovery Board<sup>1</sup>, which is a working group of the 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.
- 2.10 A draft economic recovery plan was produced with input from a wide range of stakeholders, including the Panels of the LEP. It was endorsed by the LEP Board at the meeting of 3 September, prior to endorsement and adoption by the Combined Authority on 4 September.
- 2.11 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 £1.4 billion**, which will need to be further refined and developed subject to future announcements and further understanding of the impact of the crisis and direction of recovery.
- 2.12 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 proposition (and further ones may be added), includes both an offer and ask to Government:
1. **Health innovation** (£60 million) – building on the region's 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-enabled future, by driving 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 critical green and blue infrastructure, up to 71,300 jobs and skills and training to help people into low carbon opportunities.
  4. **Entrepreneurship** (£340 million) – focussed on our diverse communities, existing scale-up performance and our MIT REAP programme for high growth pre-starts, unleash an entrepreneurial revolution, transforming empty properties and supporting high-growth potential start-ups.

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

- 2.13 Links to the documents mentioned are included as appendices to this report and have been included in the Combined Authority's submission to the Government's Spending Review, which is due on 25 November.

#### Business Support and Engagement

- 2.14 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 5,000 enquiries from businesses in the period from the end of March 2020 through to early October 2020 (a 60% increase on the corresponding period last year). As a result of the continued high volume of enquiries, and to prepare for the likely continuation of this, the service has recruited an additional Business Support Officer and Service Manager for the Gateway.
- 2.15 A major contributor to the above increase has been the arrival of the COVID-19 Recovery Grants that the CA Business Support Team is now delivering with an additional £1.8m from the European Regional Development Fund (ERDF). The CA is delivering the grants scheme across all of West and North Yorkshire following a request from the Ministry for Housing, Communities and Local Government (MHCLG) to link the funding to the existing Leeds City Region Growth Service.
- 2.16 Almost 3,600 applications were received by the deadline of 5 October 2020 and these were mostly from small firms requesting grants (average request of £2,700) for small capital investments (predominantly ICT-related) and consultancy support to develop recovery and resilience plans. Approximately half of the applications are from West Yorkshire businesses and the majority of these are from the Retail, Hospitality and Leisure sectors. The CA is exploring the possibility of investing an additional amount of funding into the allocation for West Yorkshire so that more of the eligible applications can be supported. It is expected that the supported investments will be complete by the end of the calendar year.
- 2.17 By early October 2020, the Local Authorities of West Yorkshire had delivered over £500m of grant funding to over 40,000 businesses via the Small Business Grant Fund, the Retail, Hospitality and Leisure Grant Fund and the and Discretionary Grant Fund. Local Authorities, with support from SME Growth Managers and the LEP Gateway Team, have been able to target the discretionary fund at a broader range of sectors to meet ongoing need and demand, including private day nurseries, suppliers to retail, leisure and hospitality and manufacturers.
- 2.18 The Digital Resilience Voucher scheme is now well underway as part of the wider Digital Enterprise programme. It is 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. Over 500 applications with a collective value of almost £2m are now being appraised, with over 250 being awarded to date.

- 2.19 In addition, the CA and LEP is supporting businesses with recovery and resilience through the Peer Networks project being delivered by the University of Leeds Business School (action learning support for SMEs via a cohort model over 12 weeks), the Business Membership Scheme (support for small firms to meet the cost of joining a recognised membership organisation for 12 months) and the Cyber Security Support Scheme (practical help and advice to small firms on how to operate safely and securely within the digital environment).
- 2.20 Despite the obvious concerns related to so many business sectors at present, the demand for the LEP's capital grants programme (Business Growth Programme) remains very high. This is evident from the fact that the second quarter of 2020/21 saw the highest number of approved capital investment grants to businesses (32) since the first quarter of 2018/19. Projects are from across a range of sectors, with food and drink manufacturing and healthcare technology being the most popular.
- 2.21 The team is overseeing a number of high-value inward investment enquiries and trying hard to secure these to Leeds City Region. The LEP also continues its recent engagement with over 30 of the region's largest organisations to protect employment and operations in the COVID-19 crisis. In addition, the LEP is targeting new investors through a series of targeted inward investment initiatives aimed at sectors of the economy where investment flows are occurring and undertaking a number of export initiatives to encourage businesses to consider trading more with non-EU markets as the EU transition period comes to an end.

#### Employment and Skills support

- 2.22 The number of people claiming out of work benefits continues to rise in West Yorkshire and the wider City Region. At the end of August there were 109,400 claimants in West Yorkshire and 131,900 claimants in Leeds City Region.
- 2.23 The £2bn 'kickstart scheme' to create 350,000 six-month work placements for 16-24 year-olds announced in the summer continues to be developed by DWP with many employers keen to engage. Our local authorities are all anticipating providing the Gateway role supporting businesses with the programme and the Combined Authority/LEP providing a communications campaign to raise awareness and interest with signposting to our local authorities.
- 2.24 Local Authorities and the Combined Authority work closely with Jobcentre Plus and are currently working together on the Youth Guarantee offer which will include local co-ordination of support for young people through a Youth Hub.
- 2.25 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](https://the-lep.com/employment-hub) and jobseekers at [futuregoals.co.uk/careers-support](https://futuregoals.co.uk/careers-support)

- 2.26 At the time of writing (23 October), we have received 503 individual referrals and 70 business enquiries, with 36% requesting recruitment support and 19% seeking support to hire an apprentice. Since the last report there has been an increase in enquiries from individuals aged 50+, possibly reflecting an increase in redundancies due to the anticipated winding down of furlough.
- 2.27 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. Since launch in November, the programme has supported over 200 individuals. Recent graduates, school leavers and people on furlough are particularly being targeted for re-training through 24 online courses. Social media campaigns have reached 142,556 people since May.  
<https://futuregoals.co.uk/lep-skills-support-during-lockdown/>

### **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 and is at the heart of the Economic Recovery Plan as an overarching goal. The reduction in travel and the increased use of ICT to facilitate effective remote working is 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.
- 4.2 Inclusive Growth is embedded as an overarching goal in the Economic Recovery Plan.

### **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 Economic Recovery Plan 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 LEP Board notes progress on the delivery and development of the response to the COVID-19 crisis.

## **10. Background Documents**

- 10.1 There are no background documents referenced in this report.

## **11. Appendices**

Appendix 1: West Yorkshire Economic Recovery Plan (first version)  
[www.westyorks-ca.gov.uk/media/4413/draft-west-yorkshire-economic-recovery-plan-v8-to-sept-ca.pdf](http://www.westyorks-ca.gov.uk/media/4413/draft-west-yorkshire-economic-recovery-plan-v8-to-sept-ca.pdf)

Appendix 2: West Yorkshire Economic Recovery Plan - Summary  
[www.westyorks-ca.gov.uk/media/4380/west-yorkshire-combined-authority-economic-recovery-plan-summary.pdf](http://www.westyorks-ca.gov.uk/media/4380/west-yorkshire-combined-authority-economic-recovery-plan-summary.pdf)

Appendix 3: West Yorkshire Economic Recovery Propositions

- i. Health Innovation: [www.westyorks-ca.gov.uk/media/4420/recovery-proposition-health-innovation-20200826.pdf](http://www.westyorks-ca.gov.uk/media/4420/recovery-proposition-health-innovation-20200826.pdf)
- ii. High Growth Driven Entrepreneurship: [www.westyorks-ca.gov.uk/media/4419/recovery-proposition-innovation-driven-entrepreneurship-20200826.pdf](http://www.westyorks-ca.gov.uk/media/4419/recovery-proposition-innovation-driven-entrepreneurship-20200826.pdf)
- iii. Lives Transformed by Digital Technology: [www.westyorks-ca.gov.uk/media/4418/recovery-proposition-lives-transformed-by-digital-tech-20200826.pdf](http://www.westyorks-ca.gov.uk/media/4418/recovery-proposition-lives-transformed-by-digital-tech-20200826.pdf)
- iv. Transition to Net Zero Carbon Resilient Economy  
[www.westyorks-ca.gov.uk/media/4417/recovery-proposition-towards-net-zero-20200826.pdf](http://www.westyorks-ca.gov.uk/media/4417/recovery-proposition-towards-net-zero-20200826.pdf)