

**Report to:** West Yorkshire Combined Authority

**Date:** 27 November 2020

**Subject:** **Initial Funding Priorities for Economic Recovery**

**Director:** Alan Reiss, Director of Policy, Strategy and Communications

**Author:** Heather Waddington, Policy Manager, ESIF

Is this a key decision?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes <input 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:	

## 1. Purpose of this report

- 1.1 To approve immediate recovery programmes to help 10,000 newly unemployed people retrain and find work through expanding the existing 'Reboot' (training) and the Employment Hub (matching people to jobs), as priority actions resulting from the West Yorkshire Economic Recovery Plan.
- 1.2 To note this will be undertaken in line with the Combined Authority's Assurance Process.
- 1.3 To note the progress made in the design of the Single Investment Fund (SIF) as the transition to a Mayoral Combined Authority (MCA) takes place.

## 2. Information

- 2.1 COVID-19 has given rise to exceptional challenges – to the overall economy, to businesses and to the lives of individuals - that have affected everyone in West Yorkshire in some way. In the collective efforts to stop the spread of the virus, businesses have been required to stop or reduce trading, and travel into cities, towns and rural areas has vastly decreased. There have been large increases in unemployment and applications for Universal Credit, and a

significant increase in the number of businesses that are struggling to survive despite support mechanisms locally and nationally.

2.2 In September 2020 the Combined Authority approved the [Economic Recovery Plan](#). Independent analysis conducted for the Combined Authority estimates the potential reduction in the size of the West Yorkshire economy at up to £12bn, as a result of COVID-19. Recovery will require substantial national investment. The financial ask from Government for the Plan is £1.4bn. Government has made some funding available for issues that have been identified in the plan both centrally and locally. Support has already been put in place in a number of areas since April in terms of support for businesses and individuals including for example:

- the Local Authorities (LAs) of West Yorkshire (WY) have been successful in distributing over £500m of grant funding to over 40,000 businesses across the sub-region since late March 2020. Together with an additional discretionary scheme from May 2020 of circa £50m and programmes of rates relief, this formed a significant package of support for local businesses during the first lockdown phase of COVID-19.
- bolstered capacity of the Business Support Service to support more businesses in a timely and responsive manner (60% increase in customer traffic)
- delivered the Digital Resilience Vouchers to 500 businesses supporting them to pivot their operations to keep and reach new customers.
- COVID-19 Recovery grants are being appraised with circa 1600 grant applications being progressed with small firms in West Yorkshire to purchase essential equipment and consultancy support to build resilience and move towards consolidation and cautious growth.
- support to small firms to access critical support around legal, finance, HR, health and safety and wellbeing through subsidised membership of the Federation of Small Businesses and the City Region's two Chambers of Commerce.
- free support and advice for small firms on cyber security from the North East Business Resilience Centre
- continued delivery of a range of other existing support products, including resource efficiency, innovation, strategic planning, access to finance and capital grant investment.
- enhanced support for those individuals furthest from the labour market who now require more specialist support on a range of issues and who need more help to move onto their next steps of further learning or employment.
- repurposed the Employment Hub to provide a 'one stop shop' for job seekers of any age and employers recruiting or making redundancies.
- bid for a Digital Bootcamp pilot (up to £4million to cover 3 geographical areas nationally) to deliver a series of adult digital and / or technical skills bootcamps across the Leeds City Region. Building on the success of attracting individuals to the [Re]boot programme and supporting the local economy to address recovery after COVID-19 it is proposed that the Combined Authority would act as the lead partner.

- 2.3 Despite Government funding which has been made available to date there are still significant gaps in provision, particularly to support people to gain and stay in work as a result of increasing levels of unemployment. This support remains critical to recovery for people, communities and local businesses.
- 2.4 Over time devolution provides an opportunity for greater local control and decision-making over investments than previously. The creation of the Single Investment Fund (SIF) will give the Mayoral Combined Authority greater ability to prioritise investments in a way that will make a real difference to people and communities in West Yorkshire – including interventions on skills, businesses, inclusion, climate and infrastructure. Whilst good progress has been made in the design of the SIF, the pandemic is having a lasting impact on livelihoods across the region, and investment and action is required now to support people and businesses to recover and to build a more sustainable, inclusive economy.

### **Immediate priorities for economic support and recovery**

- 2.5 If and when the national lockdown restrictions end, and areas return into the tiered system, Government has confirmed that until the end of the financial year places in high or very high restrictions will have access to the Local Restriction Support Grants (open or closed as appropriate), as well as continuation of the Coronavirus Job Retention Scheme and Self-Employed Income Support Scheme available across the UK. However, once the national lockdown period ends, there will currently be no additional discretionary grant support available (the £20 per head Additional Restrictions Grant (ARG)) given to local authorities). Dialogue with Government is ongoing regarding what happens when current ARG allocations are spent.
- 2.6 Further to this, there is also an ongoing lack of strategic funding available to adequately address a number of key priorities in the West Yorkshire economic recovery plan, including support for individuals looking to start a business, employment brokerage for young people, business needs led retraining programmes and for developing a pipeline of zero carbon and nature recovery schemes.

### **Critical gap – increased demand for employment and training support**

- 2.7 West Yorkshire's claimant count is currently 49,885 (87%) higher in West Yorkshire than before March: 106,970 claimants compared with 57,085 in March. The claimant count rate is 7.3%, up from 3.9%.
- 2.8 Given the significant increase in those now out of work, and given the predicted number of those at risk of redundancy, the Combined Authority are asked to fund two schemes from the Economic Recovery Plan, which are also in line with the priorities for the Single Investment Fund.

## Proposed Recovery Programmes

2.9 Two partnership programmes are proposed – [Re]boot and the Employment Hub. These two programmes could be quickly enhanced and extended at speed in order to support people in West Yorkshire:

- [Re]boot – to support people unemployed / at risk of redundancy to retrain with a line of sight to employment opportunities across West Yorkshire, delivered through the regions' partner local authorities, colleges and other providers.
- Employment Hubs – to facilitate access to advice and support, across West Yorkshire, delivered through the region's partner local authorities, to enable individuals to access training, retraining and/or employment, particularly to new opportunities being created to support the COVID-19 recovery efforts and new opportunities created in priority sectors in response to changes in way of working.
- A summary of both projects can be found at **Appendix 1**.

2.10 The two proposed projects:

- have the potential to respond effectively and quickly to the 'rescue' phase of Recovery Plans, taking into account the immediate need to enhance support for people who have been made redundant or at risk of being made redundant as a result of Covid.
- will build on existing successful models:
  - **Reboot** has already supported 300 individuals. Additional funding will enable the creation of a new retraining and skills offer that responds to the immediate challenge of Covid. This is despite the constraints of delivering hands on and practical courses in the current environment. For instance, a course to upskill mechanics in hybrid vehicle technology will be delivered in a socially distanced way.
  - To date the **Employment Hub** programme has supported over 3,500 hardest to reach 15-24 year olds to move towards their next learning and employment opportunities, with 534 individuals supported into either employment or training to date. Demand will be driven by routing support to the right place, ensuring people of all ages receive comprehensive advice on the support (local and national) on offer, working with communities and the voluntary sector.
- will develop new courses to support new priority sectors and/or respond to changes and new working practices and employment opportunities, with a focus on skills for the future
- have the potential to contribute to the Strategic Economic Framework targets to increase % of 16-64 resident population into employment, improved productivity and decrease the percentage of those aged 16-64 with highest qualification below level 2 or no formal qualification.

- address the commitment to ensuring that everyone, including the most disadvantaged are supported, particularly through improved skills.
- will provide a skills recovery package of support that creates opportunities for people to re-enter the workforce quickly. The offer is scalable and builds on existing skills programmes and support by extending this to be an all-age adult offer that drives demand through locally branded services that coordinates and signposts to national and local provision.

- 2.11 Both the Employment Hub and [Re]boot programme achievements above have been achieved during the pandemic period including full lockdown, requiring adjustment to the services and alternative forms of delivery.
- 2.12 Currently the Employment Hubs are working at capacity and need additional resource to support demand from people of all ages.
- 2.13 The aim of the enhanced programmes is to support individuals to move into employment as quickly as possible. However, given the current climate other progression routes may also be suitable including support to change career through upskilling or becoming self-employed. The programmes will work closely with sectors to engage them in the content of the retraining programmes to ensure that relevant skills are being developed to fill new employment opportunities as and when the employment markets recover. Work will also be undertaken with the Growth Service to help identify where jobs may be created and where individuals can be matched across. The programmes offer the opportunity to be flexible to respond to, and refer to, any employment programmes that are developed locally and nationally.
- 2.14 Funding requested, from the gainshare part of the Single Investment Fund, is **£13.5m** (Employment Hub (£7.5m and Reboot £6m) over the next two years to **December 2023**. **10,000** individuals will receive support across West Yorkshire. The increased funding will provide additional capacity to meet demand – both in terms of staffing and the cost of that support to individuals.
- 2.15 In March 2020 West Yorkshire Leaders and Government signed a ‘minded to’ devolution deal for West Yorkshire, which sets out a raft of new powers and funding, including gainshare of £38m per annum, which is the basis for the development of the Single Investment Fund, to be transferred from central Government to West Yorkshire. The Order which will enable the Combined Authority to be created, and funding to be released, is expected to be finalised early in 2021, as set out elsewhere on the agenda. This request for funding is therefore subject to the funding including gainshare, being made available.
- 2.16 If the Combined Authority approves the recommended projects, officers working closely with the delivery partners, will further develop the propositions, with more granular detail on the delivery model and costings, which remain scalable, to allow a project change request to be submitted in line with the Combined Authority’s Assurance Process. This is with a view to delivery taking place as soon as is practically possible to provide the support urgently needed.

- 2.17 Further proposals to support economic and transport recovery using the Single Investment Fund are expected to be brought forward in the new year.

### **Single Investment Fund – progress update**

- 2.18 At the Combined Authority in July, the high-level operating principles of the SIF were agreed. The proposed approach is designed to ensure it supports delivery of the MCA's agreed strategic objectives and provides an opportunity to create an overall 'single pot' which brings together all the MCA's funding (some of which is ring-fenced to a degree), including legacy and new funding streams secured as part of the devolution deal. The aim is to give greater local freedom and flexibility over how to prioritise investments to fully realise the region's economic ambitions.
- 2.19 To achieve this level of ambition, the Combined Authority agreed that the SIF is outcome focussed, where local decision making is clearly guided by the overarching Strategic Economic Framework (SEF). The SEF brings all the policies and strategies under a single banner, ensuring greater alignment and identifying priorities based on local knowledge and robust intelligence to drive evidence-based policy making. The SEF will support the prioritisation of any investments which will be set out in the West Yorkshire Investment Strategy (WYIS), under pinned by the MCA's Assurance Framework. It is a requirement of the devolution deal that all spend must go through a Government approved Assurance Framework.
- 2.20 Further work is underway to develop the operating principles for the SIF and to translate the priorities of the SEF into the investment priorities of the WYIS which, for the next few years, is expected to focus on economic recovery and resilience. As well as setting out the context, objectives and targets of the MCA, the operating principles will also identify / define the criteria that will be used to select and prioritise projects, as well as the conditions for stopping or deprioritising. This would enable a range of factors to be identified in the assessment of schemes in order to support social, economic and environmental objectives. A report on the SIF operating principles will be shared with the Combined Authority in early 2021 for agreement.

### **3. Clean Growth Implications**

- 3.1 There are no direct clean growth implications contained within this report.

### **4. Inclusive Growth Implications**

- 4.1 Inclusive growth and reducing inequality are central aims of both the Reboot and Employment Hub to support individuals to gain, stay and progress in the labour market.

## **5. Financial Implications**

- 5.1 Funding sought is intended, at this stage, to be drawn from the 2020/21 gainshare. This will be confirmed when the projects' full proposals come forward. In the worst-case scenario that this is not secured for any reason, other external funding will be sought and/or the projects would be scaled accordingly.
- 5.2 Dependent on the detail and proposed delivery model set out in the project change request, for Reboot and the Employment Hub the payment of funding will be subject to funding agreements being in place and between any partners of the schemes.
- 5.3 With regard to the development of the SIF, at this stage, there are no direct financial implications contained within this report, although the report sets out broad propositions for the future management of finances.

## **6. Legal Implications**

- 6.1 In this instance, it has not been possible to provide the statutory 28 days' notice of this key decision being considered due to approve immediate recovery programmes to help newly unemployed retrain and find as priority actions resulting from the West Yorkshire Economic Recovery Plan. However, in accordance with the Combined Authority's Access to Information Annex to Procedure Standing Orders (part 1 section 7C – General Exception), the Chair of the Overview and Scrutiny Committee has been notified and notification has been published on the Authority's website. Accordingly, as set out in the rules of General Exception, the Combined Authority may still make the decision.

## **7. Staffing Implications**

- 7.1 The additional funding would allow for increased capacity in a combination of Combined Authority and local Partner Councils', colleges' and local providers' staffing resources as part of the expansion of the programmes. The detail will be costed alongside setting out the delivery model as part of the project change request.

## **8. External Consultees**

- 8.1 There are no direct external consultation implications contained within this report.

## **9. Recommendations**

- 9.1 That the Combined Authority indicatively approves £13.5m gainshare for COVID recovery, for the extension of the existing Reboot and the Employment Hub projects, with full approval to spend being granted once the project change requests have progressed through the assurance process to decision point 5 in line with the Combined Authority's Assurance Process.

9.2 That the Combined Authority delegate the approval of the required existing project change requests to the Investment Committee, assessed in line with the Combined Authority's assurance process.

9.3 That the Combined Authority notes the progress made in the design of the Single Investment Fund (SIF) as the transition to a Mayoral Combined Authority (MCA) takes place.

## **10. Background Documents**

10.1 There are no background documents referenced in this report.

## **11. Appendices**

11.1 Appendix 1 – Project Summary Reboot and Employment Hub.