
Report to: West Yorkshire Combined Authority

Date: 4 February 2021

Subject: COVID-19

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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 provide the Combined Authority with an update on developments around the COVID-19 crisis, including on economic intelligence and on the delivery and development of products and services in response.
- 1.2 To provide an update on progress on the West Yorkshire Economic Recovery Plan.
- 1.3 Due to the fast-moving nature of this agenda item, a verbal update will also be given at the meeting.
- 1.4 To approve £5.0 million of immediate local recovery funding across West Yorkshire resulting from the local Economic Recovery Plans, and to note this will be undertaken in line with the Combined Authority's Assurance Process.

2. Information

- 2.1 Since the last Combined Authority meeting of 2020, the local authority areas of West Yorkshire have seen the end of a period of national restrictions in November, been placed into Tier 3 (Very High) restrictions over the December and New Year period and entered Tier 4 (Stay at Home) on 6 January 2021 as

part of a national lockdown. Tier 4 measures include more mandatory business closures than under the Tier 3 restrictions, including of non-essential retail and leisure and sports facilities.

2.2 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:

- Implications for employment, self-employment, and the skills system, with particular links to the furlough situation moving forward.
- Cash flow and immediate access to finance for businesses
- The impact of local and national restrictions on output and activity
- Pressures for the transport system and on town/city centres
- Safe return to work as restrictions are eased.

Economic Update

- 2.3 Little data is yet available to understand the period following the end of November's lockdown, or the enhanced restrictions currently in place. However, conversations between Growth Managers and local businesses show concerns among retail and hospitality businesses and those who supply them such as food & drink suppliers and bar / shop fitters. Some of these businesses report further slowdown in orders, and now anticipate it may be the summer before activity returns.
- 2.4 Data on footfall in West Yorkshire's town and city centres does not suggest a sharp upturn in activity in the run up to Christmas. Whilst there was some recovery in activity after November, this was relatively slight and activity throughout December remained below that in late October in many places.
- 2.5 Looking back slightly further, national data from the Office for National Statistics shows an increase in the use of the furlough scheme nationally during November's restrictions. In the fortnight to 29 November, 16% of all jobs were furloughed nationally. This was half the spring peak, but double the rate seen in October. This was much higher in the arts & entertainment sector (53% of jobs were furloughed) and accommodation & food (42% on furlough).
- 2.6 Since the start of the pandemic, the number of people claiming out of work benefits in West Yorkshire has increased by 86% (+49,620), largely driven by significant increases in April and May. The picture over the past six months has been more static. Between November and December, the claimant count for West Yorkshire increased by 725 (0.7%), compared to national increase of 0.4% (8,735). National figures also indicate that redundancies are running at a record high (370,000 in the three months to October) but this is not yet feeding through into the claimant count. This may change in the coming months.
- 2.7 The number of businesses failures has continued to fall from its September peak, when around 1,000 West Yorkshire businesses were dissolved / liquidated per week. However, this peak was due in some part to a moratorium on liquidations in the spring and summer and fell to around 400 per week in late October / early November. The rate remained under 200 per week

throughout December. In total, 12,800 businesses were liquidated in West Yorkshire during 2020. This is down 17% on 2019 (lower than the 22% fall seen across England). The reasons for this are not entirely clear but may reflect the support measures in place for businesses enabling them to survive.

- 2.8 In a Quarterly Economic Survey conducted with the Chambers of Commerce in Leeds City Region, businesses reported improved trading conditions in Quarter 4 of 2020, leading to improved cash flow and higher confidence in the year ahead. Cash flow remains challenging however, with half of businesses having less than six months reserves. It should be noted that this survey was done through early and mid-November, so predates both the end of the EU transition period and the latest developments in relation to COVID-19.
- 2.9 The same survey asked businesses about their preparedness for EU Exit and found that the number of businesses who said they were confident/very confident to withstand no deal was slightly higher than when asked previously – 56% compared to 52% in early 2019. Only 13% were not confident, down from 16% previously.
- 2.10 Businesses who trade internationally are much more likely to have actively considered the issues around the end of EU exit transition. Whilst this is not unexpected, it does suggest that there may be a significant number of businesses who think they will be unaffected because they do not trade internationally, so may not have considered potential wider impacts.
- 2.11 Businesses were also asked what they felt they needed in terms of advice and support to prepare. Clarity on the terms of the UK's exit was the overwhelming priority, as might be expected, but issues around trade, customs, tariffs and VAT were also prevalent.

Business Support and Engagement

- 2.12 Government support to individuals and businesses has been made available through each stage of the pandemic, and this section outlines the progress that has been made on delivering that support since the last LEP Board. In addition to previous announcements, at the time of writing, the Government has confirmed additional further support for the period of the new national lockdown. Exact details are awaited and a verbal update will be given at the meeting, but this support is expected to include:
 - One-off top-up grants for retail, hospitality and leisure businesses required to close up to £9,000 per property depending on rateable value.
 - A share of a £594 million discretionary fund made available to local authorities (West Yorkshire allocations not yet confirmed) to support other impacted businesses.
 - Furlough scheme extended until April 2021.
- 2.13 The LEP Business Support Service continues to see ongoing high demand from businesses and individuals resulting from the COVID-19 crisis. There

was another upward spike in customer traffic in November 2020 as businesses enquired about the additional grant support resulting from the national and ongoing tier restrictions. As of early January 2021, there has been a slight increase in customer traffic related to the additional business support measures announced by the Government.

- 2.14 The LEP's COVID-19 Recovery Grants are now in full delivery and payments have commenced. Approximately 1,100 small firms in West Yorkshire will be supported with almost £2.4m of funding from a combination of ERDF and Local Growth Deal funding. The projects being supported are a mix of capital equipment purchases, including ICT kit and some safe-working investments, and consultancy advice and support with business resilience and pivoting of products and services to reach new customers and markets. A proposal is being developed to continue and expand the programme from April 2021.
- 2.15 The Digital Resilience Voucher scheme, part of the wider Digital Enterprise Programme, is now complete. It has provided grants of up to £5,000 to c400 small firms to support with the cost of ICT equipment and associated software, in the process enabling more effective and secure remote working. Just over £1m of Local Growth Deal funding has been used to deliver the scheme.
- 2.16 In addition, LEP's Small Business Membership Scheme is now in operation and is supporting small firms across West Yorkshire with the cost of joining the Federation of Small Businesses, the Mid-Yorkshire Chamber of Commerce or the West and North Yorkshire Chamber of Commerce for a 12-month period. As a result, new members are benefitting from valuable support with such matters as legal, HR, financial, health and safety, and physical and mental wellbeing. Over 300 small firms have benefited from the support to date.
- 2.17 The LEP is also supporting small businesses with recovery and resilience through the Peer Learning Networks scheme being delivered by the University of Leeds Business School. This delivers action learning support for SMEs via a cohort model providing both group-based learning sessions and additional one-to-one coaching. To date, over 20 three-hour group sessions have been delivered to 40 SMEs, complemented by 18 one-to-one coaching sessions. Three SME cohorts are in delivery and at least a further three will be delivered by the end of March 2021. Discussions are ongoing with Government about a continuation/expansion of the scheme in 2021/22.
- 2.18 Furthermore, the LEP is now delivering the Cyber Security Support Scheme via the uplift Growth Hub funding for 2020/21 received from BEIS in early Autumn 2020. This is providing practical help and advice to small firms on how to operate safely and securely within the digital environment. Delivery is by the Home Office-backed North East Business Resilience Centre and has been developed in consultation with the National Cyber Security Centre. To date, over 60 small firms have benefitted from the support.
- 2.19 By late December 2020, the West Yorkshire councils (supported by the LEP SME Growth Managers and the Business Support Service Gateway providing access to information and referrals to councils) had delivered over £530m of

grant funding to c54,000 businesses via the various grant schemes introduced since April 2020. At the time of writing, over £30m has been delivered since November to over 21,000 businesses via the Local Restrictions Support Grant (Open and Closed) and the Additional Restrictions Grant (ARG), introduced in response to the November restrictions.

- 2.20 As previously reported, in addition to those businesses forced to close because of regional and national restrictions, the discretionary elements of the grants schemes have been utilised to date across West Yorkshire to support a broader range of firms and sectors, informed by a framework developed with council partners. This has included supporting private day nurseries, suppliers to retail, leisure and hospitality (e.g. events companies and food & drink wholesalers and manufacturers), some other parts of manufacturing reliant on leisure and hospitality, some sections of the self-employed community (i.e. those unable to access meaningful support from the Self-Employed Income Support Scheme or Universal Credit), businesses not within the Business Rates system e.g. those in shared service centres and managed workspace, and larger SMEs that can evidence a significant impact on income.

Employment and Skills support

- 2.21 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, with the Combined Authority/LEP providing a communications campaign to raise awareness and interest with signposting to our local authorities.
- 2.22 The West Yorkshire councils and the Combined Authority are working closely with Jobcentre Plus on the Youth Guarantee offer, which will include local co-ordination of support for young people through a Youth Hub.
- 2.23 As per previous updates, the existing part-ESF funded Employment Hub programme delivered by the Combined Authority along with council 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 [Employment Hub](#) and jobseekers at [Careers Support - FutureGoals](#). By the end of December 2020, we had received 557 individual referrals and 103 business enquiries to the repurposed Employment Hub, with 24% requesting recruitment support, 49% information on KickStart and 13% seeking support to hire an apprentice.
- 2.24 As previously reported, the Combined Authority’s adult re-training programme, [re]boot, is targeting individuals currently furloughed or looking opportunities to re-train. These are aligned to areas with greatest growth opportunities and new courses are being developed with employer involvement. Since launch, the programme has supported over 300 people. Recent graduates, school leavers and people on furlough are 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/>

Economic Recovery

- 2.25 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 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.
- 2.26 A draft economic recovery plan was produced with input from a wide range of stakeholders, including the Panels of the LEP. It was endorsed and adopted by the Combined Authority on 4 September. In light of the changes that have taken place since September, and the further impacts on the economy as a result, a review of the Economic Recovery Plan is underway and will be brought forward for adoption in due course.
- 2.27 Alongside the recovery plan update, work continues on implementing elements of the recovery plan within existing City Region resources. This follows from the November Spending Review announcements which did not detail any Government funding to support the delivery of regional and local economic recovery plans. A submission again drawing attention to the key aspects of the Economic Recovery Plan (and Transport Recovery Plan) that cannot be progressed within current resources will be made to inform the Budget currently scheduled for 3 March 2021.
- 2.28 On 27 November, the Combined Authority approved £13.5 m gainshare to support immediate priority recovery programmes around skills and retraining to support people to re-enter the workforce quickly. The existing [re]boot and Employment Hub programmes (see section on Employment and Skills support) will be extended to be an all-age offer that drives demand through locally branded services that signposts to national and local provision.
- 2.29 Further work has now been undertaken in partnership with the five West Yorkshire Local Authorities to identify and support the delivery of projects (e.g. on culture and local economic initiatives) within local recovery plans which will respond to the immediate need to support the recovery,
- 2.30 Funding requested, from the gainshare part of the Single Investment Fund, for this immediate work is **£5.0m**. Based on a per capita basis this would be split as follows per Local Authority;
- Bradford - £1,157,128
 - Calderdale - £453,376
 - Kirklees - £942,765
 - Leeds - £1,700,107
 - Wakefield - £746,624

¹ Further details on the full membership and terms of reference of the recovery board, and to the content of the West Yorkshire Economic Recovery Plan can be found at: <https://www.westyorks-ca.gov.uk/erb>

- 2.31 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 (SIF), to be transferred from central Government to West Yorkshire. The Order, which Government have now laid will enable the Combined Authority to be created, and funding to be released.
- 2.32 Local authority officers have submitted scheme proposals. Given the expediency of response and the level of intervention required it is proposed that delivery will take place as soon as is practically possible to provide the support urgently needed. The Combined Authority is asked to approve this funding in advance of the SIF being agreed. All future proposals for the SIF will come through the approval route as defined in the Assurance Framework.
- 2.33 Further proposals to support economic and transport recovery are expected to be brought forward in due course.

3. Tackling the Climate Emergency Implications

- 3.1 Clean Growth will continue to be supported through the 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 an overall 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 West Yorkshire 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 will 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.
- 5.2 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.

6. Legal Implications

- 6.1 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.
- 6.2 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 local recovery funding as a priority action to support the local Economic Recovery Plans. 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 Delivery of the products included in the Economic Recovery Plan may require changes to current staff roles and/or additional staff to be recruited, which will be considered through the detailed development of individual proposals.

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 LEP Panels and wide range of partners, including local authorities, the West Yorkshire Economic Recovery Board, universities and colleges, business representative and membership bodies, and direct with some individual businesses.

9. Recommendations

- 9.1 That the Combined Authority approves £5.0m gainshare for local COVID recovery, to support the delivery of local recovery plans.
- 9.2 That the Combined Authority notes the latest update around the economic impacts of COVID-19 and progress on the delivery and development of the response to the crisis, including on the economic recovery plan.

10. Background Documents

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

11. Appendices

- 11.1 Appendix 1: COVID-19 Fortnightly Insights Report, 22 January 2021
www.westyorks-ca.gov.uk/media/5787/fortnightly-economic-transport-report-2021-01-22-public-final.pdf