

Report to: West Yorkshire Combined Authority

Date: 9 March 2021

Subject: **COVID-19 and Economic Recovery**

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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 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 concerning the COVID-19 crisis, including on the development of products and services in response to the economic impacts of the pandemic.
- 1.2 To provide an updated version of the West Yorkshire Economic Recovery Plan, including a proposition about culture, for endorsement by the Combined Authority.
- 1.3 To outline three proposals for programmes to implement as part of the Economic Recovery Plan, on entrepreneurship, health innovation initiatives, and programmes in support of net zero carbon; to support the overall package in principle; and to delegate to the Investment Committee the approval to progress the package of programmes and funding through Decision Point 2 of the Assurance Framework.

2. Information

- 2.1 Since the last Combined Authority meeting in February 2021, the local authority areas of West Yorkshire have remained in Tier 4 (Stay at Home) 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. On the 23 February, Government announced its roadmap out of lockdown, setting out four steps for lifting restrictions, with restrictions due to be in place until at least 21 June.

2.2 Although it is still highly uncertain what will happen to the economy over the coming months as restrictions could be lifted, 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.

Business Support and Engagement

2.3 Government support to individuals and businesses has been made available through each stage of the pandemic, and this section outlines the progress made on delivering that support since the last Combined Authority meeting. The support available brings together both nationally and locally funded projects, ensuring comprehensive support for businesses.

2.4 As things stand, all support is in place until 31 March 2021. At the time of writing, an announcement about future support is expected at the Government's budget on 3 March. An update on this will be provided at the meeting. The Combined Authority will continue to make the case for additional support as is required to ensure the future recovery of the West Yorkshire economy. Discussions continue with Government and partners on extending several of the schemes.

Project	Funding	No. of Businesses Supported	Delivery Partners
Local Authority Grants (Nov 20 onwards – end linked to ongoing restrictions)	£150m actual	65,000 payments	Local Authorities
Additional Restrictions Grant	£12m actual	3,000 payments	Local Authorities
COVID-19 Recovery Grants (ERDF & LGF)	£1m actual £2.8m committed	400 actual 800 committed	Umi Commercial

Digital Resilience Vouchers (up to £5,000)	£1.06m	400 actual Project complete	Leeds City Council
Peer Learning Project	£90,000	59 actual	University of Leeds Business School
Small Business Membership Scheme – allowing access to legal, HR, financial and wellbeing support	£300,000	700 actual	W&NY Chamber, Mid-Yorkshire Chamber, FSB
Cyber Security Support Scheme	£100,000	130 actual	North East Business Resilience Centre
Business Resilience Webinars	£15,000	60 actual	Biskit

2.5 The discretionary elements of the grants schemes have been used across West Yorkshire to support a broader range of firms and sectors, informed by a framework developed by the Combined Authority 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.

2.6 Businesses across the City Region are also being impacted by the need to adjust to the new requirements brought about by the end of the transition period of the UK's exit from the European Union at the beginning of the year. The Combined Authority has put in place a wide range of support for businesses, all in place for an initial period to 31 March 2021, the progress of which is summarised in the table below.

Project	No. of Businesses Supported	Delivery Partner
EU Transition support service (Yorkshire and Humber service, commissioned by the CA/LEP)	172	Enterprise Growth Solutions (EGS), & other Y&H LEPs
Telemarketing outreach service (Leeds City Region, Y& NY)	298 referrals 1183 surveys completed	Blueberry Ltd
EU Exit legal advice & support (Leeds City Region, Y&NY)	4 (delivery began 22 Jan, more promotion being done)	Squire Patton Boggs

EU Transition webinars (Yorkshire and Humber)	63	Greenborough Management Ltd
Webinars to help businesses internationalise marketing activity (Yorkshire and Humber)	44 (Delivery began 23 Feb).	UMi Commercial
Trade related documentation support and advice (Leeds & Bradford, plus Y&NY)	165	Chamber International
Trade related documentation support and advice (Wakefield, Calderdale & Kirklees)	79	Mid Yorkshire Chamber of Commerce

Employment and Skills Support

- 2.7 The Combined Authority and LEP also has a range of support available to individuals to better equip them in the labour market during a period when unemployment, having already risen to 5.1%¹, is expected to rise much further once Government furlough support ends – potentially resulting in around 2.5 million being unemployed before the situation improves.
- 2.8 The repurposed ‘Employment Hubs’ are a key part of the Combined Authority and LEP response to COVID-19, providing a ‘one stop shop’ for job seekers of any age and for employers recruiting or making redundancies. As of 29 January, the Combined Authority has supported 602 individuals and 114 businesses (59 of these business enquiries were regarding the Kickstart scheme). The repurposed element of Hub programme is being continued with the support of part of a £13.5m strategic employment and skills package agreed by the Combined Authority on 27 November 2020 to respond to the impacts of the crisis. Discussions with local authorities and other stakeholders are progressing to ensure the approach being developed provides the right support to the increasing number of individuals who are unemployed, at risk of redundancy or seeking alternative employment/career routes to access training/retraining and employment support.
- 2.9 The adult re-training programme, [re]boot, is another key part of the Combined Authority’s response to the crisis, giving adults the chance to upskill, gain new skills/qualifications and improve their employment options particularly within key regional sectors, focused on construction, digital, manufacturing and engineering and the fast-growing creative sector. Since its launch in November 2019, the programme has supported over 450 individuals to upskill, and in December alone the [re]boot careers changers page received 1,117 page views; 12.66% of all website traffic. This service is also in the process of

¹ Unemployment rate for those aged 16 and over (seasonally adjusted), based on the [ILO definition](#), between October and December 2020.

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/timeseries/mgsx/lms

being extended and expanded as part of the £13.5m package agreed by the Combined Authority.

Economic Recovery Plan Refresh

- 2.10 As has been reported previously, the longer-term planning for economic recovery for West Yorkshire is being overseen by a West Yorkshire Economic Recovery Board², 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, business representative organisations, 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.
- 2.11 A draft plan was produced with input from a wide range of stakeholders and was endorsed and adopted by the Combined Authority on 4 September 2020. In light of the changes that have taken place since, and the further impacts on the economy as a result, the Economic Recovery Plan has been refreshed and is being presented to the Combined Authority for endorsement (see Appendix 1). A summary version, similar to the one produced in September (see background documents), will also be produced. Key updates to the plan include:
- The addition of a fifth West Yorkshire distinct proposition on Culture and Creative Industries – recognising the important contribution they make to our places, quality of life and the economy (see 2.14).
 - An update of the underpinning evidence – reflecting on the progress against our original scenarios, and the impact of Government interventions in relation to business performance, employment and household income.
 - A greater focus on the need to stimulate job creation
 - On Priority 1: Good Jobs and Resilient Businesses – an increased focus on the need for support for job creation, including through inward investment, following announcements of significant new programmes to work with those out of employment
 - Priority 2: Skills and training for People – preparing for the potential implications of the end of the furlough scheme, and the implications of a number of additional new government skills and employment interventions, and particularly the need to support young people
 - Priority 3: Accelerating Infrastructure and Capital Projects – incorporating further shovel ready flood infrastructure projects which can both help to increase community resilience and stimulate the economy.
 - Recognition of the funding that has already been allocated from local resources to deliver elements of the plan – as detailed in the next section of the paper.

² Further details on the full membership and terms of reference: <https://www.westyorks-ca.gov.uk/erb>

- 2.12 As referenced above, as part of the refresh, a fifth distinct proposition on Culture and Creative Industries has been produced, in partnership between the Combined Authority and culture leads of the five West Yorkshire councils. The full proposition is provided at Appendix 2, and the Combined Authority is asked to endorse this proposition alongside the recovery plan. Key features of the Culture and Creative Industries proposition are:
- The offer of our distinct proposition - building on our assets and scale of the creative & cultural sectors in West Yorkshire (employing 47,000 people across 7,000 businesses, which increased by 30% between 2015 and 2018)
 - Linking to local commitment – the West Yorkshire cultural framework sets a clear ambition for culture in the region, and through devolved funding we have already committed to a number of local recovery culture projects through a £5m fund.
 - Asks of Government totalling £52.9m:
 - **Maximising Creative Business Potential:** £5m to create a dedicated network of culture growth managers routed in local areas, and a mentoring and peer support programme, with improved links to mainstream business support including access to finance.
 - **Creative Skills:** linked to wider skills and training support under priority 2, £8.6m for a dedicated creative skills package focussed on re-imagining opportunities for young people, and ensuring creative industries have the skills to grow.
 - **Visitor and Citizen Experience:** £39.3m to catalyse large scale festivals (including Leeds 2023 and Bradford 2025) and cultural interventions in empty spaces, including through extending the successful Producers Hub and stimulating community led culture groups.
- 2.13 The West Yorkshire Economic Recovery Plan, and the connected distinct propositions, will remain live documents and be updated as required. The Combined Authority will continue to work with the Economic Recovery Board and local authorities to refine as necessary, and to ensure ongoing complementarity to local recovery plans.

Economic Recovery Plan Implementation

- 2.14 Alongside the recovery plan update, work continues on implementing elements of the recovery plan within existing local and regional 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. As prior to the Spending Review, a submission making the case for Government funding to deliver the programmes set out within the Economic and Transport Recovery Plans was submitted to Government in January 2021, to inform the budget announcement expected on 3 March. An update on the 3 March announcements will be provided at the meeting.

- 2.15 On 27 November, the Combined Authority approved £13.5m from gainshare funding to support immediate priority recovery programmes around skills and retraining to support people to re-enter the workforce quickly. On 4 February, a further £5m of funding was approved by the Combined Authority to support the delivery of projects (e.g. on culture and local economic initiatives) within local recovery plans.
- 2.16 The following are three additional proposals aimed at creating jobs and supporting a more inclusive, resilient, and sustainable economy, building on the region's strengths and opportunities set out in the West Yorkshire Economic Recovery Plan. It is proposed that the Combined Authority delegates to the Investment Committee, as appropriate, the approval for these programmes to enable delivery to commence at pace in order to accelerate delivery of economic recovery. They build on the investments above by stimulating sustainable jobs and business opportunities:

Proposal 1: Entrepreneurship

- 2.17 The proposal is to encourage individuals from all our diverse communities to explore establishing their own enterprise and providing the right opportunity and support if they decide to do so - leading to the creation of new businesses and jobs. The proposal builds on experience and best practice from other programmes and would be integrated with existing support in the region to offer a genuine 'ladder of enterprise support' for all potential entrepreneurs, no matter where they are on their journeys or what type of new venture they plan to start. The following three proposals for additional support result from a multi-stakeholder workshop, and these have been further reinforced at discussions at the Economic Recovery Board, the LEP Board and the Business Innovation and Growth Advisory Panel.
- 2.18 In the same way as with a range of other business support products, the proposed role of the Combined Authority and the LEP will be to act as commissioner/procurer of new products to fill gaps in market provision, both in terms of social economic groups and across the West Yorkshire geography. Procurement will take place to ensure a range of appropriate and experienced providers are delivering the package of support across the region. This will ensure that those with the right local expertise are delivering the programmes, against a contracted output and outcome framework. These will be contract managed to ensure overall value for money and programme performance.

	Activities	Rationale
Promoting entrepreneurship	Regional targeted campaign, exploring enterprise course, workshops, awareness programmes etc. Particular focus on those in harder to reach communities and extended across West Yorkshire.	Creating the demand for the other two workstreams – acting as the funnel for the other two offers below.

New business start up programme	High volume low intensity support; general practical advice and support to start up a business, regardless of sector. Community engagement included – to encourage start-ups who otherwise would not consider or engage with support available.	Current gap in the market. Would complement existing growth focussed provision, such as Ad:venture ³ , to provide value for money and progression routes for already established start-ups
Creating more high growth – innovation driven start ups	Low volume high intensity support: mentoring; investment support; ideas development, testing and validation	A small number of these businesses have significant growth potential. Would build on existing pilots such as the BUILD ⁴ programme.

Proposal 2: Net Zero Carbon Pipeline

- 2.19 To be fully able to accelerate deployment of measures and to capitalise on current and future funding streams to tackle the climate emergency and maximise job creation potential, West Yorkshire needs to develop a long-term pipeline of investment ready projects. This proposal formed part of the Net Zero Carbon proposition within the economic recovery plan.
- 2.20 The exact nature of the projects to initially be included in the pipeline is yet to be defined, however the work to develop it will be split into four broad stages: evidence gathering; project identification; project development; and promotion. Areas considered will include energy, buildings, infrastructure, business support and retrofitting homes, building on the Carbon Emission Reduction Pathways study.
- 2.21 External support will be needed initially for the pipeline to ensure it can mobilise quickly.

Proposal 3: Health Innovation

- 2.22 Supporting health innovation brings both economic benefits (business start-ups, scale ups, inward investment and new products/services to market) and end use/patient outcomes through the effective and rapid deployment and integration of those innovations into the health system.
- 2.23 The health innovation proposal looks to maximise those benefits, rooted in the health innovation distinct proposition of the Recovery Plan. The proposal focusses on the need to build capacity across the system to support ambitions to make West Yorkshire the leading health tech cluster nationally.

³ <https://ad-venture.org.uk/>

⁴ <https://idealeedscityregion.com/build/>

- 2.24 There is an opportunity for the region to bring together a significantly more coherent offer around health innovation focused around three ambitions of Discover (ideas generation), Develop (testing and commercialisation) and Deploy (adoption into the health system). Resources are therefore required to bring both some coordination and leadership to the entire journey.
- 2.25 The proposed programme is to begin the journey: to help establish of the structures needed to drive the City Region forward as a regional, national and international healthtech cluster. The aspiration ultimately, is to develop a team, sitting across partner organisations to work together to support the healthtech innovation lifecycle, but initial funding will ensure momentum with a Health Innovation Lead (and support) as a minimum resource.
- 2.26 Early indications show a pipeline of potential projects in excess of £10m (although not yet appraised or evaluated for strategic fit). Many of these schemes are in development but will need an injection of capital to kick start delivery and scale up. These will be subject to separate funding decisions.

Conclusion

- 2.27 All of the above proposals will be subject to the Combined Authority's Assurance Framework as appropriate. The Combined Authority is asked:
- to support the programmes in principle.
 - to delegate to the Investment Committee the approval for programmes to pass through Decision Point 2, totalling no more than the £7m revenue that remains unallocated from the Combined Authority's 2020-21 gainshare allocation.
- 2.28 All the proposals are consistent with the themes set out in the draft West Yorkshire Investment Strategy priorities. Further programmes and approvals will 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.
- 3.2 Businesses will continue to be supported to apply innovation and digital technologies to adapt their products and services to meet current and future demand and reduce their carbon emissions.
- 3.3 The net zero carbon pipeline proposal (see paragraph 2.19) is a critical building block of our plans to achieve net zero by 2038.

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. The package of entrepreneurship proposals (see paragraph 2.17) envisages a 'ladder of enterprise support' for potential entrepreneurs, with one part of the proposals focussing on harder to reach communities, to ensure everyone is able to access support appropriate to where they are on the business development journey.

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 The Combined Authority is asked to support the programmes in principle and to delegate next steps as set out at paragraph 2.27; approval to spend is to a total value of £7m using 2020-21 gainshare. This will be confirmed when the projects' full proposals come forward to Investment Committee at Decision Point 2 as appropriate.

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.

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 supports in principle the programmes outlined above.
- 9.2 That the Combined Authority delegates to the Investment Committee the approval for programmes to pass through Decision Point 2, totalling no more

than the £7m revenue that remains unallocated from the Combined Authority's 2020-21 gainshare allocation.

- 9.3 That the Combined Authority endorses the redrafted West Yorkshire Economic Recovery Plan, as contained in Appendix 1; and the related Culture and Creative Industries proposition, as contained in Appendix 2.
- 9.4 That the Combined Authority notes progress on the delivery of products and services in response to the economic impacts of the pandemic.

10. Background Documents

- 10.1 West Yorkshire Economic Recovery Plan – September 2020 Summary
<https://www.westyorks-ca.gov.uk/media/4380/west-yorkshire-combined-authority-economic-recovery-plan-summary.pdf>

11. Appendices

- 11.1 Appendix 1: West Yorkshire Economic Recovery Plan refresh draft
- 11.2 Appendix 2: Culture and Creative Industries proposition