
Report to: Business Innovation and Growth Panel

Date: 19 May 2021

Subject: **Business Productivity and Resilience**

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1. Purpose of this report

- 1.1 To seek feedback from the Panel on the further development of priorities for the Business Productivity and Resilience plan, and to provide interim feedback to Panel members on the consultations ongoing on the draft priorities.

2. Information

- 2.1 In Leeds City Region we are concerned about productivity because it is directly linked to living standards. At a macro level, a country's ability to improve its standard of living over time is almost entirely dependent on productivity growth. Whilst that is an end in itself, for economic growth to be inclusive, it is important that achieving increased productivity is done in a way that enables as many people as possible to contribute to it, as well as benefit from it. In that sense, physical infrastructure, education and health are all important determinants of productivity, and need to be addressed through appropriate interventions. However, it is businesses that will directly deliver increased productivity in the economy, as we look to close an £8.5bn productivity gap to the UK average, and therefore as a region we need a specific plan to support them to achieve it.
- 2.2 Within this context, at the last panel meeting, a paper was presented on development of the Business Productivity and Resilience Plan, setting out draft priorities for the plan and outlining next steps. As a reminder, this work draws heavily on the evidence and development work on the Local Industrial Strategy, and once completed the plan will form part of the city region's Strategic Economic Framework¹.

¹ <https://www.westyorks-ca.gov.uk/growing-the-economy/strategic-economic-framework/>

Consultation and Engagement

Stakeholder discussions

- 2.3 Since the initial proposal was presented to the Panel in November, a number of discussions have engaged a wide range of stakeholders, including:
- Discussions at the previous Business Innovation and Growth Panel
 - Discussion with Local Authority Heads of Economic Policy and Economic Development
 - A roundtable with regional and national academics organised with the Place-based Economic Recovery Network and Yorkshire Universities
 - Engagement with the Leeds City Region Professional Perspectives Network and Made Smarter Board.
 - Individual deep dive discussions with several interested stakeholders including from universities, voluntary and the private sector.

Online Survey

- 2.4 A survey is also currently being undertaken through the Combined Authority's Your Voice portal².
- 2.5 The survey was initially live up to the 16 April and communicated with those already engaged above, but will now remain open until the end of May for anyone to submit a response. This will allow proactive communication about the engagement that hasn't been possible during the purdah period to a wider audience, with an aim specifically to improve representation from across the region and especially from a diverse range of businesses. At the time of writing, 44 visitors have engaged with the site and downloaded the draft plan, with 14 full surveys completed.

Key insights to date

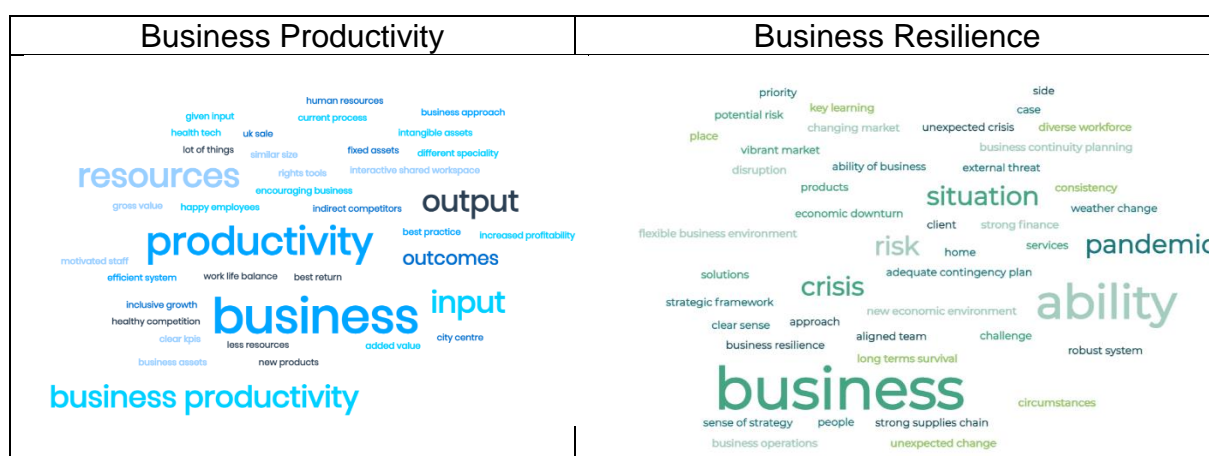
- 2.6 The majority of stakeholders have been supportive of the focus on business behaviours as well as the transformational opportunities. There has also been strong overall support for the priorities from survey respondents to date:

Q. Do you agree that these are the correct priorities/opportunities to....	Yes in full, Yes in part
Business Behaviour	
Improve strategic decision making and planning	93% (57%, 36%)
Increase the number of highly skilled managers and staff	92% (31%, 61%)
Increase adoption of new innovative practices	100% (39%, 61%)
Increase the value and volume of exports	92% (38%, 54%)
Increase the prevalence of Good Work	100% (31%, 69%)
Transformational Opportunities	

² <https://www.yourvoice.westyorks-ca.gov.uk/business-productivity>

grow the presence of high productivity businesses and sectors	92% (54%, 38%)
tackle the Long Tail of low productivity	85% (54%, 31%)
attract increased levels of investment (including on infrastructure)	85% (38%, 46%)
transition to Net Zero Carbon Resilient Economy	69% (62%, 8%)

- 2.7 One of the most insightful elements of the consultation has been to hear what the terms “business productivity” and “business resilience” mean to different stakeholders. On business productivity, whilst some related this to performance measurements (particularly input/output), others focussed on terms like resource efficiency, happy/motivated employees or best practices. In terms of business resilience, key terms related to the ability of businesses to adapt to change/adverse circumstances, the importance of planning and the role of people or teams working together. The prevalence of these responses is represented in the word clouds below.



- 2.8 The discussions with stakeholders have also raised a number of important issues being considered for the final development of the plan:
- How to reflect on the changing national policy context – including the recently published “Building Back Better – Plan for Growth”.
 - How to refine the measurement of success for business behaviours to capture both the presence of actions but also the quality.
 - Integrating the delivery of existing business support to understand gaps in provision that could impact achievement of the plan.
 - Further defining the relationship between resilience and productivity – particularly in the context of COVID-19 recovery.

Plan developments

- 2.9 A version of the current draft priorities for the plan are attached as appendix 1, and has taken on board the feedback received so far through the consultation.
- 2.10 The plan has also been further developed to outline proposed actions to support each of the 5 business behaviours (see p18-22 in appendix 1). This

has been underpinned by a mapping exercise of existing business support in the region, focussed on which behaviour/behaviours are addressed, and whether it is aimed at start-ups, productivity growth, or high growth and scale-ups. Key proposals for each behaviour are summarised below:

- **Improving strategic decision making and planning** - developing an effective model for “productivity plans”, identifying best practice benchmarking, delivering peer to peer network programmes, funding a ladder of entrepreneurship support for pre-start businesses.
- **Increasing the number of highly skilled managers and staff** – supporting delivery of the Employment and Skills framework, encourage better take up of management training, delivering a high performing workplace programme.
- **Increasing adoption of new innovative practices** – supporting delivery of the Innovation Framework, maximising the benefits from the Yorkshire Made Smarter pilot (see item 11 on this agenda), drawing lessons from the SMARTY EU Interreg programme.
- **Increasing the value and volume of exports** – help businesses to navigate the trade support landscape, understand the sector and market opportunities for the region based on new trade deals, look to appropriate interventions to overcome barriers faced by SMEs to trading internationally.
- **Increasing the prevalence of Good Work** – implement the good work standard in the region, facilitate the sharing of best practice, explore ways to promote alternative business models, utilise the levers of conditions attached to business support grants to drive behaviours.

2.11 For each business behaviour the plan also looks to provide a framework for measuring success at the firm level. For each of the behaviours a series of indicators have been identified, with further work taking place to identify for each appropriate measures for Occurrence (validating if it is taking place) and Quality (whether it mirrors best practice). The quality element also allows us to look at important factors such as diversity, which we know can positively contribute to productivity. This builds on learning from the productivity pilot work and evaluation (reported at November’s Panel meeting).



Diagram: *Draft Measuring success framework for business behaviours*

2.12 The second element of the plan relates to structural transformational opportunities that can support increased business productivity and resilience. Like for the business behaviours, for each of these opportunities the plan outlines proposed actions:

- **Grow the presence of high productivity businesses and sectors** - attracting new companies through inward investment, developing sector plans for key opportunities, aligning the talent pipeline, building on regional expertise in supply chains.
- **Tackle the Long Tail of low productivity** - building on best practice of what works in boosting low productivity, which is especially important for inclusive growth, identifying businesses and sectors important for local area resilience (including learning from work on the effects of COVID-19 on retail in West Yorkshire).
- **Attract increased levels of investment** - identifying means to fill the business investment gap for £100k-1m, attracting additional Venture Capital investment, ensuring physical infrastructure supports business productivity and resilience.
- **Transition to Net Zero Carbon Resilient Economy** - align with the region's carbon emissions pathways work for industry, understanding best practice in supporting business carbon/material use resilience, identifying ways to support businesses in their own transition and on circular economy.

Next steps

- 2.13 Subject to further views of the panel, and the final collation of feedback through consultations and the online survey, a revised and finalised version of the plan is planned to be taken forward to a meeting of the LEP Board in the summer for approval. A prioritisation plan will also then be developed to outline implementation of the plan, and specific proposals for intervention be brought to feature meetings for discussion.

3. Tackling the Climate Emergency Implications

- 3.1 There are no immediate implications directly arising, however business behaviours play a key role in tackling the climate emergency, and are recognised within the draft outcomes of the plan.
- 3.2 In particular the transformational opportunity of the transition to a net zero carbon resilient economy is considered as one of the four structural opportunities to increase business productivity and resilience, recognising numerous studies that have linked business carbon policies to driving innovation, higher skills and increased resource efficiency.

4. Inclusive Growth Implications

- 4.1 The plan is aligned to the inclusive growth framework, particularly on the draft outcomes of good work and improved living standards.
- 4.2 The Good Work business behaviour is recognised as being critical in growing productivity. It is recognised in the proposed actions under this behaviour that greater business support provision is needed in this area, which includes the Good Work Standard, being developed as part of the Inclusive Growth Framework that has previously been discussed by the Panel.
- 4.3 The plan also highlights tackling the long tail of low productivity as a key transformational opportunity. As businesses in these sectors are often characterised by low pay and limited progression, a focus on making improvements in this area will have potentially significant implications for inclusive growth.
- 4.3 A focus on promoting productive and resilient businesses at all stages of the business lifecycle will provide opportunities to develop and prioritise interventions that target increasing engagement and support for both established and potential entrepreneurs in under-represented groups and communities, and potential support for different models of enterprises including social enterprises, cooperatives and other employee led models.

5. Equality and Diversity Implications

- 5.1 There is a risk that business productivity and resilience is achieved in ways that exacerbates inequalities, and in the development of the priorities of the Plan, attention has been given to designing a plan that can play a positive role

in improving inequalities. The role of business is recognised as being particularly important, linked to the region's inclusive growth commitments. In particular, part of the suggested outcomes to be measured will include the employment rate gap for disadvantaged groups and measurements of workforce diversity (at all levels).

- 5.2 The Business Productivity and Resilience Plan also creates proposals for future interventions that will be subject to equality and diversity assessments. There will also be scope for future interventions to focus on increasing diversity, such as the work on the entrepreneurship programme reported at the Panel's last meeting.
- 5.3 As part of the consultation and engagement process through the Your Voice page, respondents to the survey are asked a number of questions that capture the diversity of respondents, in line with the privacy notice accompanying the survey in relation to the use of that data. Extending the timeframe for responding to the survey will help to improve the diversity of respondents from all backgrounds, with further views fed into the development of the plan.

6. Financial Implications

- 6.1 There are no financial implications directly arising from this report.

7. Legal Implications

- 7.1 There are no legal implications directly arising from this report.

8. Staffing Implications

- 8.1 There are no staffing implications directly arising from this report.

9. External Consultees

- 9.1 No external consultations have been undertaken specifically on this report.

10. Recommendations

- 10.1 That the BIG panel note the progress on the development of the Business Productivity and Resilience Plan, including the feedback collected so far from the consultation and engagement.
- 10.2 That the BIG panel provide feedback on the further developments of the draft priorities.

11. Background Documents

None.

12. Appendices

Appendix 1 – DRAFT Business Productivity and Resilience Plan - Vision and Priorities