

Report to: West Yorkshire Combined Authority

Date: 9 September 2021

Subject: **Business Productivity and Resilience Plan**

Director: Liz Hunter, Director of Policy and Development

Author: Alex Clarke, Business Growth and Resilience Policy Manager

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 update the Combined Authority on the work to develop a Business Productivity and Resilience Plan.
- 1.2 To seek the Combined Authority's endorsement to publish the priorities and indicative actions of the plan as part of the region's Strategic Economic Framework. This paper summarises the key components, and a full slide pack laying out the plan is included at Appendix 1.

2. Information

Background

- 2.1 The Business Productivity and Resilience Plan is result of the joint Combined Authority and Local Enterprise Partnership work to develop a Local Industrial Strategy prior to the COVID-19 pandemic. However, in the context of West Yorkshire emerging from the pandemic, the plan now forms a critical part of our strategic approach to supporting businesses and economic recovery. The plan is therefore directly linked to the West Yorkshire Economic Recovery Plan (item 5 on the agenda). A lasting recovery depends on West Yorkshire avoiding the widening gap in productivity that followed the 2008 recession, which was characterised by a recovery that delivered positive outputs in terms

of job creation, but which did not emphasise the quality of jobs or the need for underlying investments in skills, infrastructure and innovation.

- 2.2 Productivity is a concern 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 increased productivity needs to be achieved in a way that enables as many people as possible to contribute to it, as well as benefit from it. This means that 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.
- 2.3 Within this context, officers of the Combined Authority and LEP have been working with the Business, Innovation and Growth Panel on the development of the Plan, setting out draft priorities and outlining actionable next steps. This work draws heavily on the evidence, consultation and development work on the Local Industrial Strategy, where productivity was a key theme (see the first section of Appendix 1), and updated to also reflect the important changes to the economy as a result of COVID-19 and EU exit, and the adoption of the Inclusive Growth Framework. The Plan will be part of the Strategic Economic Framework¹, providing a key pillar for the Boosting Productivity priority.

Consultation and engagement

- 2.4 As outlined above, the work to develop the plan has built significantly on the consultation work for the local industrial strategy. Directed primarily by the Business Innovation and Growth Panel, the plan has been consulted on with a wide range of stakeholders since September 2020, including:
- 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.
 - Deep dive discussions with stakeholders including from universities, voluntary and the private sector.
 - A Your Voice survey² open to the general public and to business, promoted through the LEP's networks, social media and the Small and Medium Enterprise (SME) Newsletter. Engagement results:
 - 22 news story views and 8 website click throughs
 - 2,267 newsletter reach and 278 click throughs
 - 7,234 social media impressions and 155 engagements

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

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

- 18 full surveys completed

Overview of the Plan

2.5 The next paragraphs outline some of the key features of the plan.

Vision

2.6 **Our vision for action on business productivity and resilience in the Leeds City Region is:**

“Supporting businesses to become more productive, focussing on the behaviours and good work that also make a positive long-term contribution to living standards and the environment in West Yorkshire.

Over time, this should contribute to a significant closing of the £8.5bn gap between job productivity levels in the West Yorkshire economy and the UK average”.

Priorities

2.7 The draft priorities for the Plan are built on nine action areas (five behavioural and four transformational opportunities), contributing to three high level outcomes related to our regional priorities of Boosting Productivity, Enabling Inclusive Growth and Tackling the Climate Emergency.

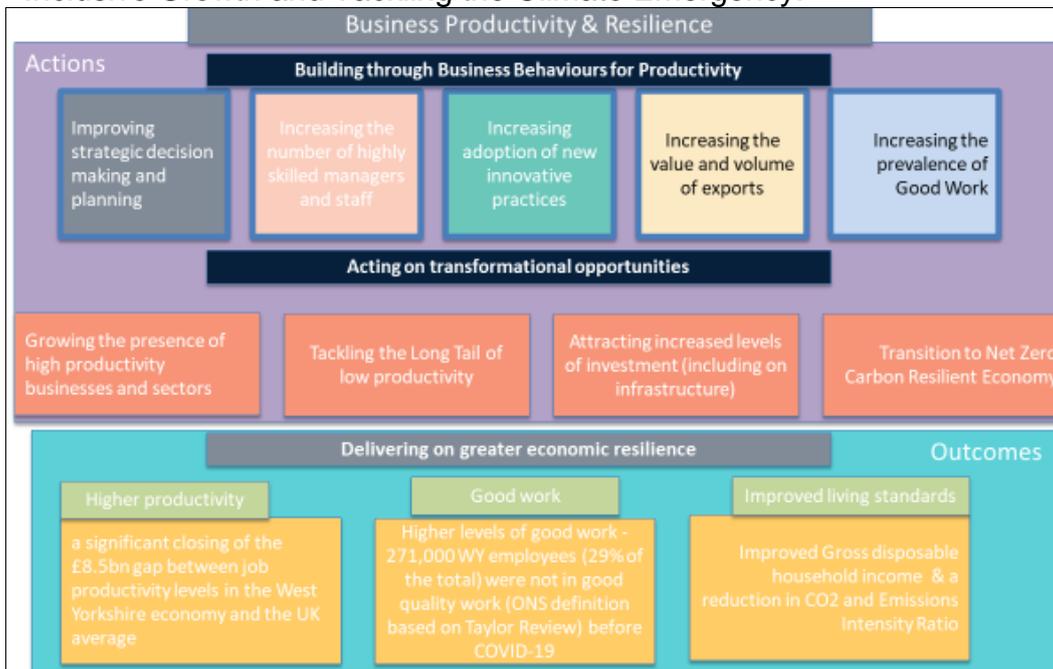


Diagram 1: Plan on a page for Business Productivity and Resilience

2.8 As well as setting out the rationale for each of the priorities, the plan also outlines proposed actions to support each of the 5 business behaviours (see p18-22 in appendix 1) and four transformational opportunities. 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.

2.9 Key proposals for each of the five behaviours 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, 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.

2.10 For each business behaviour the plan provides a framework for measuring success at the firm level, as well as identifying a series of indicators, 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.



Diagram 2: Draft Measuring success framework for business behaviours

2.11 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

2.12 It is proposed that the Business Productivity and Resilience priorities are published as part of the region’s Strategic Economic Framework.

- 2.13 A prioritisation plan will also then be developed to outline implementation of the plan, and specific proposals for intervention be brought to future meetings of the Business, Economy and Innovation Committee for discussion.

3. Tackling the Climate Emergency Implications

- 3.1 Business behaviours play a key role in tackling the climate emergency, and are recognised within the draft outcomes of the plan. 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 Fair Work Charter, being developed as part of the Inclusive Growth Framework and recently approved for funding by the Combined Authority.
- 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 in item 5. To ensure this is followed through on in delivery, programmes resulting from the plan will target and monitor delivery to under-represented groups to ensure everyone is able to access the appropriate support. Specific proposals are also included to explore support for cooperatives and other alternative models of business ownership, recognising the barriers faced by BAME social entrepreneurs in particular in accessing investment (based on evidence from the Commission on Social Investment).
- 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.

6. Financial Implications

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

7. Legal Implications

- 7.1 There are no direct legal implications contained within 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, however a wide range of stakeholders have been consulted as part of the development of the plan as outlined at 2.4 and will continue to be engaged as actions are brought forward from the plan.

10. Recommendations

- 10.1 That the Combined Authority endorses publication of the priorities and indicative actions of the Business Productivity and Resilience Plan as part of the region's Strategic Economic Framework

11. Background Documents

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

12. Appendices

Appendix 1 – FINAL DRAFT Business Productivity and Resilience Plan