
Report to:	Economy Scrutiny Committee
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Subject:	Economy Functions and Portfolio Overview

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1. Purpose of this report

- 1.1 To provide an update to the Committee on Economy Functions and Portfolio Overview, particularly progress on the delivery and refresh of the West Yorkshire Economic Recovery Plan and the development of the new Business Productivity and Resilience Plan.

2. Information

Background to Economic Services Portfolio

- 2.1 The Economic Services Directorate delivers a wide range of services to individuals and businesses across West Yorkshire. It has three Service Areas as follows: - Business Support, Employment and Skills, and Trade and Investment. It works closely with all parts of the Combined Authority, but particularly Policy and Development as this paper demonstrates.
- 2.2 Business Support provides guidance, advice and funding predominantly to Small and Medium-sized Enterprises (SMEs). It currently delivers services to help SMEs with innovation, strategic planning for growth and investment readiness, resource efficiency and recycling / re-use, sustainable and active travel planning and capital grants for investment in new technology. It also delivers the region's Growth Service, which is an access and referral point for all publicly funded business support in West Yorkshire.
- 2.3 Employment and Skills delivers services to support individuals to upskill, re-train, set up a business or access employment and apprenticeships, working closely with Local Authorities to engage diverse communities. The team works with schools and colleges to improve the destinations of our most disadvantaged young people and supports employers to engage with the full breadth of the education system, inspiring the next generation of talent. From

August 2021, the team commenced delivery of the £65m devolved Adult Education Budget, working closely with Local Authorities to respond to local need.

- 2.4 Trade and Investment promotes the region to overseas investors and works with them to secure new and ongoing investment for West Yorkshire. This includes the key account management of many of West Yorkshire’s major overseas-owned businesses. In addition, the team works in partnership with our export support providers to enable more of our businesses to successfully trade overseas, and also continues to develop the creative and digital sector in the region as a legacy of the Channel 4 investment.

West Yorkshire Economic Recovery Plan

- 2.5 All remaining COVID-19 restrictions in England were recently lifted, with self-isolation no longer mandatory to those who have received two doses of the COVID-19 vaccination from 16 August. With the lifting of restrictions, guidance is encouraging businesses and the public to continue to exercise caution. This month will also mark the end of the Coronavirus Job Retention Scheme and the end of the Universal Credit uplift. It is therefore an important moment to reconsider the West Yorkshire plan for economic recovery.
- 2.6 Throughout the pandemic, the LEP and the five West Yorkshire local authorities have continued to support residents and businesses in Leeds City Region, and the following sections outline some of the support available and the progress made, before turning to issues of economic recovery and the refreshed draft West Yorkshire Economic Recovery Plan on its development.

Business Support and Engagement

- 2.7 This section outlines the progress made on delivering COVID-19 related business support since the last Combined Authority meeting. The support available brings together both nationally and locally funded projects, ensuring comprehensive support for businesses.

Project	Funding	Businesses Supported	Delivery Partners
Local Authority Grants, including Restart Grants (since Nov 20)	£360m	125,000 payments	Local Authorities (lead)
Additional Restrictions Grant (since Nov 20)	£42m	20,000 payments	Local Authorities (lead)
COVID-19 Recovery Grants (ERDF & LGF)	£2.8m	1114	LEP-commissioned Umi Commercial
Digital Resilience Vouchers (up to £5,000)	£1.06m	400	LEP & Leeds City Council
Peer Learning Project	£90,000	65	LEP-commissioned

Project	Funding	Businesses Supported	Delivery Partners
			University of Leeds Business School
Small Business Membership Scheme (access to legal, financial HR & wellbeing support)	£300,000	1350	LEP-commissioned W&NY Chamber, Mid-Yorkshire Chamber, FSB
Cyber Security Support Scheme	£100,000	160	LEP-Commissioned North East Business Resilience Centre
Business Resilience Webinars	£15,000	180	LEP-commissioned Biskit

Employment and Skills Support

- 2.8 The Combined Authority and LEP continue to support individuals to better equip them in the labour market as part of our economic recovery activity, including through the £13.5m strategic employment and skills package agreed by the Combined Authority on 27 November 2020. The following outlines progress on the use of additional funding to increase the existing Employment Hub and adult training programmes.
- 2.9 Delivered in partnership with Local Authorities the current ESF funded Employment Hub will continue to deliver the service until December 2021. Alongside this is an extension of the Employment Hub funded through gainshare to support the economic recovery plan, known as Employment Hub 2 with delivery through to end of March 2023.
- 2.10 As of 1 July 2021 (Q2), the original Hub has engaged 4,936 15-24 year-old participants against a profile of 5,843 (84%). Of these:
- 1,556 participants were from a black, Asian or minority ethnic background, against a profile of 707 (220%)
 - 989 participants had disabilities against a target of 527 (188%)
 - 1,582 participants had no basic skills qualifications against a target of 1,269 (125%)
 - Of the participants starting the programme, 1,314 have been supported with finding education/ training, employment, or self-employment against a target of 2,239 (59%)
- 2.11 Employment Hub 2 will provide additional employment support for those who have been furloughed, recently made unemployed and seeking to progress in their current employment. Activity will target vulnerable groups including BAME, women, over-50s, 15–24-year-olds and those with a disability.
- 2.12 The second element of the gainshare-funded Covid recovery package is the Adult Skills Framework (previously referred to as the [re]boot extension), with an appropriate name and brand for the programme being developed to bring it to market. The Adult Skills Framework builds on the best elements of [re]boot

and other programmes that have been delivered over recent years including our highly successful DFE-funded bootcamps. The intention with the Adult Skills Framework is to be flexible and responsive to demand from career-changers and employers, and to changes in the labour market.

- 2.13 The tender process for adult training (part of an adult skills framework) is progressing through internal governance and approvals processes. This will create a responsive adult training offer that focusses on priority sectors for employment growth including digital, construction, engineering, the green economy and health and social care aligning to the Economic Recovery Plan and the Employment and Skills Framework. Delivery will begin late summer 2021 and continue until April 2023.
- 2.14 Adult retraining activity will similarly target those recently unemployed or furloughed staff. In addition, the framework will target support to females, over 50s, BAME and those with a disability.

Entrepreneurship Programme

- 2.15 Approved by the Combined Authority's Investment Committee in June 2021, the £6 million programme is being delivered as part of the Economic Recovery Plan and is focused on a 'ladder of enterprise support' across three inter-connected workstreams that will help individuals in the region to explore and establish new businesses.
- Workstream One - promoting enterprise as a career option (i.e. is enterprise / business start-up right for you?)
 - Workstream Two – a universal business start-up support programme to help anyone who has made the decision to start a business
 - Workstream Three – more intensive support programme for pre-start / start-up enterprises with high growth or scale-up potential
- 2.16 Following recent open tender exercises, preferred suppliers have been selected to deliver a £350k Exploring Enterprise programme and a £1 million Business Start-Up programme. Both are expected to commence delivery in September 2021 and will be delivered for 18 months, with options to extend for the same periods subject to performance.
- 2.17 The Exploring Enterprise Programme will deliver one-to-many support through online training, events, workshops, and seminars. It is expected that a minimum of 6 hours of support will be delivered per participant. The support package will cover key areas to support participants to consider business enterprise and how to overcome any barriers that would prevent them exploring the opportunity further. Programme content includes identifying the need/market research, creating an idea, networking, understanding different types of businesses including social enterprise and cooperatives, and legal and financial support. Underrepresented groups are being targeted to engage with the programme; 50% of participants will be women and 20% will be from BAME backgrounds. In addition, the provider has offered CV support for those choosing to not start a business and requiring help to find employment.

- 2.18 The Business Start-Up programme will provide new-start and start-up businesses up to 12 months old with a blended package of support covering the key topics required to establish and develop a new enterprise. This includes: - business and financial planning, business structure and tax, sales, and marketing (including social media), access to finance and recruiting staff. There are no sector or growth-related restrictions and there are clear targets in place to support new firms that are led by individuals from BAME backgrounds (20%), women (50%) and people with disabilities (3%).
- 2.19 In addition, five Start-Up Managers are currently being recruited by the West Yorkshire Local Authorities to work alongside the existing SME Growth Managers. These posts will coordinate all enterprise support activity at the district level and deliver some direct one-to-one support to early-stage micro firms with growth potential. It is anticipated that these posts will also have a focus on the high street renewal agenda and, as a result, work with a larger number of business-to-consumer operators than existing business support provision allows. Workstream Two also includes a £400k Development Fund to support new and innovative pilot projects focussed on action learning in the enterprise arena. Up to 1,500 pre-start / start-up / early-stage firms will be supported through Workstream Two's various activities.
- 2.20 Workstream Three will be going out to tender in Autumn 2021 for a programme of more intensive support, including access to finance, for a smaller number of new enterprises with significant growth potential. The environment and societal impact of the enterprises to be supported, will be just as important as their economic impact. 'Soft market testing' with a range of key stakeholders in the access to finance marketplace has taken place over the summer of 2021, and this will help to shape and inform the forthcoming invitation to tender documents.

Refresh of the Economic Recovery Plan

- 2.21 Long-term planning for the economic recovery of West Yorkshire has been overseen by the West Yorkshire Economic Recovery Board¹, which is a working group of the Combined Authority and brings together the Mayor, five West Yorkshire Leaders and LEP Chair with partners from the private sector, health, trade unions, business representative organisations, public bodies and the third sector.
- 2.22 In June 2021, the Economic Recovery Board agreed to refresh the Economic Recovery Plan and to provide an updated draft to the Combined Authority in September, to reflect the lifting of COVID-19 restrictions and building on the existing plan's themes of reimagining and resilience. The Board agreed that the West Yorkshire Mayoral Pledges should be put at the heart of the Plan.
- 2.23 The refreshed draft Plan is attached to this paper as Appendix 1. This refreshed version has as its vision to secure a fair, just and lasting recovery for

¹ Further details on the full membership and terms of reference: <https://www.westyorks-ca.gov.uk/erb>

West Yorkshire. It retains the two goals to secure inclusive growth for everyone and to tackle the climate and environmental emergency.

2.24 Key points to note in the refreshed version are:

- New action areas that will help deliver economic recovery linked to several of the Mayoral pledges, which are:
 - Creating 1,000 well-paid jobs for young people
 - Supporting local businesses
 - Prioritising skills and training for all
 - Delivering a creative new deal
 - Building thriving communities
 - Connecting people and places
 - Tackling the climate and environment emergency, and
 - Championing great places
- A new central economic forecast that underpins the plan, outlining key areas of sensitivity to that forecast including on employment, sectoral performance, and further restrictions.
- The inclusion of specific deliverables from the mayoral pledges across the recovery narrative with proposed outline approaches, where they can make a significant contribution to the plan's ambitions for West Yorkshire.
- A focus particularly on the work that will be delivered regionally to implement the plan, including where funding has already been committed by the Combined Authority or partners, but with links to how the plan supports the delivery of local recovery plans and interventions in each of the West Yorkshire local authority areas.
- A smaller, targeted focus on areas where public and private sector co-investment opportunities exist, particularly on infrastructure, but to have this clearly linked to support for quality local jobs and skills.

2.25 Further discussions and revisions will continue to the Plan over coming weeks as the impact of ending furlough becomes clearer, and will be linked to wider development of the specific mayoral pledges contained in the Plan. The Economic Recovery Plan will also be supported by the Business Productivity and Resilience Plan (see below for more details), which positions boosting business productivity as a key pillar of delivering an inclusive recovery for the region.

Business Productivity and Resilience Plan

2.26 The Business Productivity and Resilience Plan is a 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 (see above). 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.

- 2.27 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.
- 2.28 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 Framework², providing a key pillar for the Boosting Productivity priority.

Consultation and engagement

- 2.29 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 survey³ open to the general public and to business, promoted through the LEP's networks, social media and the SME Newsletter. Engagement results:
 - 22 news story views and 8 website click throughs
 - 2,267 newsletter reach and 278 click throughs

² <https://www.westyorks-ca.gov.uk/growing-the-economy/strategic-economic-framework/>

³ <https://www.yourvoice.westyorks-ca.gov.uk/business-productivity>

- 7,234 social media impressions and 155 engagements
- 18 full surveys completed

Overview of the Plan

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

Vision

2.31 **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

2.32 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

2.33 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.

2.34 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 and delivering the new Business Productivity 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.

2.35 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

2.36 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

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

- 2.38 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.

Challenges and Uncertainties

- 2.39 It is important to also highlight that there are several current pressures and uncertainties affecting the programmes and services being delivered in both Economic Services and the Delivery Directorate that need to be considered. These include the end of the Job Retention Scheme on 30 September 2021 and the potential impact on the labour market and wider economy, and ongoing supply chain issues affecting many businesses, but particularly those in the manufacturing and allied sectors. There are also a number of uncertainties related to Government policy, which are impacting on the delivery of current and future programmes and priorities, including the Skills Bill, policy on Enterprise Zones, the Levelling-Up White Paper and Fund, the UK Community Renewal Fund and the UK Shared Prosperity Fund.

3. Tackling the Climate Emergency Implications

- 3.1 Tackling the Climate Emergency is identified as one of the overarching goals and golden threads of the Economic Recovery Plan. It also includes a dedicated chapter outlining the Combined Authority's efforts to reach net-zero carbon by 2038 and creating 1,000 green jobs for young people.
- 3.2 In developing and delivering the future interventions as a result of implementing the plan, schemes will be required to demonstrate how they specifically contribute positively to Tackling the Climate Emergency, whether that be through green skills and jobs, reducing emissions of buildings or contributing to wider climate resilience.

4. Inclusive Growth Implications

- 4.1 Inclusive Growth is embedded as an overarching goal in the Economic Recovery Plan. The impact of the pandemic on inequalities make the ambitions for inclusive growth around wellbeing, good work and relevant and transferable skills critical to a fair, just and lasting recovery. The plan also includes specific deliverable activity that is shared with the West Yorkshire Inclusive Growth Framework, such as the Fair Work Charter.
- 4.2 The Economic Recovery Plan recognises that a lasting recovery needs to be felt across both towns and cities, and villages and rural areas. Each of the actions and co-investment propositions identified will need to be designed and delivered in a way that recognises that each and every place presents distinct opportunities in terms of jobs, businesses and infrastructure.
- 4.3 The plan also identifies the importance of Social Value to inclusive growth, and achieving this in delivery of the plan will include setting out how social value will be enhanced through contracts, including that any businesses that receive grants from the products delivered as part of the plan would be

required to contribute to Inclusive Growth actions and outcomes via their funding agreements.

5. Financial Implications

- 5.1 There are no financial implications directly arising from this report. However, co-investment opportunities with the public and private sector are outlined within the document, and delivery of the Economic Recovery Plan will require additional financial resources, subject to prioritisation of activities.

6. Legal Implications

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

7. Staffing Implications

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

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

9. Recommendations

- 9.1 That the Committee notes the information in the report and provides any comments.

10. Background Documents

- 10.1 None

11. Appendices

Appendix 1 – Draft West Yorkshire Economic Recovery Plan

Appendix 2 – FINAL DRAFT Business Productivity and Resilience Plan