
Report to: Economy Scrutiny Committee

Date: 19 January 2022

Subject: **COVID-19 Economic recovery plan**

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1. Purpose of this report

- 1.1 To provide an update to the Committee on the current economic situation in the region as a result of the COVID-19 pandemic and the work of the Combined Authority and LEP with regards to economic recovery planning and implementation.

2. Information

- 2.1 The COVID-19 pandemic continues to be a central factor in the lives of the people of West Yorkshire. Particularly since the emergence of the Omicron variant at the end of 2021, there is an increased focus on the potential spread of the virus and the need to boost immunity through vaccination and to readopt some levels of restrictions to reduce close contact.
- 2.2 At the time of writing in January 2022, West Yorkshire has experienced its highest numbers of COVID-19 cases since the beginning of the pandemic, however hospital patients with COVID-19 remains below the peak in January 2021. Plan B restrictions introduced by the UK Government are in place, and this has impacted particularly on sectors such as hospitality and leisure. Uncertainty over the future direction of the pandemic and the need for further restrictions is critical to the economic recovery in West Yorkshire in 2022, alongside the wider factors of rising inflation, increases in energy costs and continued challenges around supply chains.
- 2.3 In the following sections we cover the latest economic intelligence regarding the impact of the pandemic on the economy and then an update on the current status of implementation of the plan in delivery. A verbal update may also be given at the meeting on latest developments as required.

Economic Reporting

- 2.4 The latest COVID-19 fortnightly insights report on economic intelligence will be available on '[the COVID-19 economic & transport recovery monitor](#)' page on the website¹ (link below under 'Background documents') from 20 December 2021 and the most up to date interactive [COVID-19 Economic-Transport Dashboard](#). Overall, the economic recovery shows signs of gathering pace following the lifting of restrictions. However, the re-opening of the economy has exposed a range of significant supply-side constraints including labour shortages and supply chain disruption, which seem to be intensifying and which threaten the sustainability of the recovery.
- 2.5 The **employment** situation in the region continues to improve. The number of payrolled employees in West Yorkshire recorded on PAYE Real Time Information systems, increased by around 1% between October and November 2021 to 1,003,500. Employment in the region is now 3% above the pre-pandemic level seen in February 2020 and 5% higher than its lowest point in the pandemic in November 2020. This means that the number of payrolled employees has increased by 50,000 between November 2020 and November 2021. All local authorities in West Yorkshire have returned to their pre-crisis levels of employment. Bradford, Leeds and Kirklees have seen the strongest growth in their payrolled employee counts
- 2.6 The **claimant count** has continued to fall but there is still a very large number of people on out-of-work benefits. The latest figures show a 2% fall in the count between October and November 2021 to 83,000 in West Yorkshire. The claimant count is now 24% lower than its peak in March 2021, but it is still 47% higher than pre-pandemic figures in February 2020. There are variations at local authority level. For example, the claimant count remains 54% higher than its pre-pandemic level in Bradford, compared to 35% in Calderdale. The claimant count unemployment rate for West Yorkshire is 5.6%, higher than the national average of 4.7%.
- 2.7 The **Job Retention Scheme** ended on 30 September 2021. At the end of September, 35,000 jobs were still furloughed in West Yorkshire. Local data is not available on what has happened to those 35,000 jobs but the national data suggests that most have returned to work. Of those furloughed across the UK at the end of the scheme, 65% returned to work on the same number of hours, 16% returned to work on reduced hours and 6% returned to work on increased hours.
- 2.8 **Recruitment** activity remains above pre-pandemic levels with all local authorities within West Yorkshire experiencing strong growth in job postings throughout November 2021. Leeds registered the strongest growth rate with job postings climbing by 34% between October and November. There was also a substantial increase in job postings across all occupational categories. Health Care, Clerical and Administrative and Hospitality, Food and Tourism recorded the largest growth in job postings across West Yorkshire. These

¹ <https://www.westyorks-ca.gov.uk/documents/economic-monitor/> - Link also available under 'Background Documents' section at the end of the report.

sectors were significantly damaged as a result of the pandemic. Job postings in the week ending 11 December fell by 8% across West Yorkshire and nationwide. This may reflect the introduction of Plan B and it will be monitored closely.

- 2.9 The latest data shows that **business liquidations** have climbed in recent weeks. There was an average of 407 business liquidations per week in the most recent four-week period up to the 7 December, an increase of 10% from the previous four-week period. All local authorities in West Yorkshire have seen an increase in business liquidations from the previous four-week period. In the first quarter of 2020, business liquidations averaged 328 per week.
- 2.10 In October, the Government published the **2021 Spending Review** to set out spending plans for the next three financial years. There were a series of announcements designed to help businesses innovate and grow, including:
- £1.4 billion Global Investment Fund to invest across the UK in life sciences, offshore wind and the automotive sector.
 - £1.6 billion to support a series of regional investment funds, including £660 million for the second Northern Powerhouse Investment Fund.
 - An increase in funding for Innovate UK's core programmes to around £1 billion.
- 2.11 The Bank of England has revised down **growth projections** and revised up **inflation expectations**. Growth across the UK economy is now expected to be lower in Q4 2021 than first forecast. This is primarily due to the presence of Omicron and it is also expected to weigh down on growth in Q1 2022. Inflation is now expected to hit 6% in April 2022, three times the Bank of England target of 2%. Energy and labour costs are expected to put upward pressure on inflation. To combat rising inflation, the Bank of England increased interest rates to 0.25%.

Implementation of the Recovery Plan

- 2.12 This section outlines the progress made on delivering the West Yorkshire Economic Recovery Plan² since the last economic scrutiny meeting in November 2021. This includes delivering support and programmes funded by national COVID-19 interventions, but also regional schemes being delivered from resources allocated from the West Yorkshire Single Investment Fund to economic recovery.

Business Support programmes

- 2.13 The table below provides a summary of business support grants and advice programmes being delivered as part of the response to COVID-19.

² The [West Yorkshire Economic Recovery Plan](#) was updated at the Combined Authority meeting in September 2021, and will remain under review to respond to evolving situation.

Project	Funding	Businesses Supported	Delivery Partners
Local Authority Grants, including Restart Grants (since Nov 20)	£365m	*130,000 payments	Local Authorities (lead)
Additional Restrictions Grant (since Nov 20)	£45m	21,000 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	£120,000	110	LEP-commissioned University of Leeds Business School
Small Business Membership Scheme (access to legal, financial HR & wellbeing support)	£220,000	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

**Note some firms will have received more than one grant under the area restrictions grant scheme as well as non- area restricted schemes at the start of the pandemic.*

- 2.14 The majority of the schemes in the above table have now completed and were linked to time-limited Government funding. However, £1bn of additional financial support, in the form of grants to businesses, for the Hospitality and Leisure sectors was announced by the Government in late December 2021. Although the detailed guidance on these is expected in early January 2022, the headline features are that the grants will again be delivered by the Local Authorities, and that there will three levels of 'one-off' payments linked to the rateable values of premises (£2,700, £4,000 and £6,000) to businesses that have been directly impacted by the additional 'Plan B' restrictions introduced in early December 2021 e.g. work from home where possible, face coverings on public transport, advice for caution on social gatherings and evidence of vaccinations or COVID-19 tests for some venues and large events.
- 2.15 Other parts of the £1bn package include the reintroduction of the Statutory Sick Pay Rebate Scheme to support employers facing heightened levels of sickness absence due to the pandemic. This involves SMEs (businesses with under 250 employees) being able to claim statutory sick pay costs related to COVID-19 for two weeks per affected employee. There will also be an additional £100m of the discretionary Additional Restrictions Grant (ARG) funding for those businesses affected by the 'Plan B' restrictions but that are not directly in hospitality or leisure (e.g. suppliers to the sectors). £30m of

further funding for the Culture Recovery Fund was also announced as part of the new package, which will be targeted at such organisations as theatres, museums and orchestras up to March 2022.

- 2.16 In addition to the above, the Government released guidance on the new COVID-19 Additional Relief Fund (CARF) in late December 2022. The £1.5bn fund will provide business rates relief for the 2021/22 year for businesses outside of retail, hospitality and leisure, and air travel / ground operation, that have been adversely impacted by the pandemic. The guidance points towards a significant amount of discretion in how Local Authorities deliver individual relief schemes in their districts. As a result, the Local Authorities in West Yorkshire and the Combined Authority met in late December 2021 to commence the development of a delivery framework to provide some consistency across the region.
- 2.17 There is also a wide range of business support available from the Combined Authority and LEP that is contributing to the economic recovery. This includes advice and funding for the development of new products and processes, advice and funding on net zero-related interventions for employers (e.g. reducing energy use and cost, recycling and re-use of materials, and implementing sustainable and active travel), developing and implementing strategic growth plans and, most recently, setting up a new enterprise (see below for more details). In addition, delivery of the Combined Authority's new £20m Business Accelerator Fund will commence in early 2022. This will provide SMEs with clear high growth potential with equity and loan finance from £50k of up to £2m to facilitate their continued expansion within the region.
- 2.18 The above support, and much more delivered by our partners across the public sector (e.g. exporting support from the Department for International Trade and the two Chambers of Commerce in the region, access to finance available from the Northern Powerhouse Investment Fund, Start-Up Loans Company and Finance Yorkshire, and innovation support from InnovateEdge and its partners), is accessed via the LEP Growth Service. This is the Government-funded Growth Hub for the region and utilises an integrated 'hub and spoke' delivery model, with a central Business Gateway function delivered by the Combined Authority, and a team of 20 SME Growth Managers employed by the Local Authorities with Combined Authority funding. The Growth Managers provide more intensive account-management support for SMEs in each district, and collectively assist circa 1500 per year to access the right support at the right time in their growth cycles. Since the Growth Service was launched in April 2015, it has supported over 20,000 individual businesses, created/safeguarded over 12,000 jobs and leveraged over £420m of private sector funding.

Employment and Skills Support

- 2.19 The Combined Authority and LEP continue to support individuals to better equip them in the labour market as part of economic recovery activity,

including through the £13.5m strategic employment and skills package agreed by the Combined Authority on 27 November 2020.

- 2.20 The **Employment Hubs**, delivered by local authorities and delivery partners, support people into work, training/retraining, or self-employment. The original ESF funded programme, established to support in the main 15–24-year-olds, has now come to an end. However, through devolved gainshare funding, the service has been expanded to support people of ages across West Yorkshire seeking help with finding training or retraining, or to identify, apply for and secure employment or self-employment. Face to face delivery is starting to happen across the region (and will continue to depend on government guidance and restrictions). The all-age programme aims to support a further 5,500 people by April 2023.
- 2.21 Final data for the ESF funded programme will not be available until Spring 2022. However, performance to 14 December 2021, indicates the following:
- Engaged 5679 15-24 year-old participants against a programme profile 6294 (90%). Of these:
 - 1861 participants, against a profile of 800 (233 %), were recorded as being from ethnic minorities
 - 1101 participants declared they had disabilities against a target of 566 (195%)
 - 1754 participants are recorded as having no basic skills qualifications against a target of 1384 (127%)
 - 236 participants were from a single adult household with dependent children against a target of 252 (94%)
 - Of the participants starting the programme 1910 have been supported with finding education/ training, employment or self-employment against a target of 2706 (71%).
- 2.22 **Employment Hub 2** contracts for delivery (gainshare funded) began on 1 August 2021 and will run until March 2023. Data on performance on Employment Hub 2 is limited to date as local authority delivery partners have concentrated on the final quarter delivery of Employment Hub 1. However, provisional data shows 666 participants have been engaged during October and November 2021 against an overall programme profile of 5,500.
- 2.23 The West Yorkshire Combined Authority and the LEP have launched free **Skills Connect** training courses to help adults gain skills for job roles in the digital, construction, health and social care, and environmental sectors. futuregoals.co.uk/skillsconnect
- 2.24 All courses have been designed by local employers to align with local skills needs and job vacancies. Anyone over the age of 19 and living in West Yorkshire can sign up for a course. There will be opportunities for participants to learn directly from industry and business professionals with guaranteed post-training interviews available in some courses, linking them directly to current vacancies. The first courses available will boost digital skills including Cyber Security, Digital Marketing, Data Analytics and many more. Over the

coming weeks, there will be many other courses available in health and social care, construction, and green jobs.

Entrepreneurship Programme

- 2.25 In June 2021, the Combined Authority's Investment Committee approved a new £6 million Entrepreneurship Programme to be being delivered as a major contribution to the West Yorkshire (WY) Economic Recovery Plan. The programme 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. A primary focus of the programme is Equality, Diversity and Inclusion and clear 'minimum floor' targets have been set to ensure that the support available is taken up by females, people from BAME backgrounds and people with disabilities, as well as people from our more disadvantaged communities and localities (see below for more details).
- 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. There is a primary focus on engaging people from equality groups and from the more disadvantaged communities of West Yorkshire.
 - Workstream Three – support for innovative entrepreneurs by providing intensive and targeted support for those with the potential to become successful, innovative and investable entrepreneurs and businesses. Societal and environmental impact of the new-starts will be a primary consideration in the support made available, as will the diversity of the entrepreneurs participating to ensure that they reflect the West Yorkshire population.
- 2.26 Following recent open tender exercises, preferred suppliers have been selected to deliver a £350k Exploring Enterprise programme (on Workstream One) and a £1 million Business Start-Up programme (on Workstream Two). Both commenced delivery in late September / early October 2021 and will be delivered for 18 months, with options to extend for the same periods subject to performance, outcomes and policy priorities.
- 2.27 The Exploring Enterprise Programme is delivering one-to-many support through online training, events, workshops and seminars. It is expected that a minimum of six hours of support will be delivered per participant. The support package covers key areas to help consider starting a new enterprise and how to overcome any barriers that would prevent people from doing so. 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, and those most adversely impacted by the pandemic, are being targeted to engage with the programme as follows: - 50% of participants will be women and 20% will be from BAME backgrounds. In

addition, the provider has offered CV support for those that decide not to start a business and to seek employment instead.

- 2.28 Workstream Two's Business Start-Up programme (Enterprise West Yorkshire) is now providing 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 also clear 'minimum floor' targets in place to support new firms that are led by individuals from BAME backgrounds (20%), women (50%) and people with disabilities (3%).
- 2.29 Furthermore, five Start-Up Managers (two currently in post) are being recruited by the West Yorkshire Local Authorities to work alongside the existing SME Growth Managers. These posts are coordinating enterprise support activity at the district level and delivering some direct one-to-one support to early-stage micro firms with growth potential. The posts are focussing on the high street renewal agenda and, as a result, are working mostly with business-to-consumer operators where the impact of the pandemic has been most severe, and where criteria associated with current funding schemes has restricted support for many firms in retail, leisure and hospitality. The managers are also focussing on the most disadvantaged parts of their districts and on ensuring that new and early-stage micro firms that have not previously been supported by publicly funded schemes, are engaged and assisted. Approximately 1,500 pre-start / start-up / early-stage firms will be supported through Workstream Two's activities.
- 2.30 Workstream Three issued a tender in late November 2021 for a programme of high intensity, tailored support for Innovative Entrepreneurs – in this context, the term refers to individuals or teams with potentially unique ideas that address a problem with a large market, and that has the potential to develop, scale and be financially sustainable. The tender welcomes responses encompassing innovative approaches to delivery and from consortia bids. 'Soft market testing' with a range of key stakeholders in the 'seedcorn' finance and 'accelerator support' marketplace took place over the summer and autumn of 2021, and this has informed the current open tender opportunity. This strand will also have clear and stretching targets to engage equality groups in the provision, and to engage with people from more disadvantaged parts of the region who have not previously accessed support. It also focusses on new ventures that have clear potential to positively impact on societal and/or environmental challenges and opportunities. The tender closes to application on 14th January 2022 and delivery on this strand is expected to commence in the spring of 2022.
- 2.31 A range of routes to market are in place, and in development, for all three workstreams, with a strong focus on engaging underrepresented groups, more disadvantaged parts of West Yorkshire and those that have not previously engaged with public sector support (directly delivered or funded). This includes working with several well-established community-based organisations and

enterprise support agencies to both deliver support, and to make it more visible and accessible to a diverse range of people and businesses e.g. Airedale Enterprise Services in Keighley, Barca-Leeds, the Paddock Community Trust in Huddersfield, Inspired Neighbourhoods in Bradford and Aspire-igen in Wakefield and Leeds.

- 2.32 In addition, the programme is engaging with several networks and key influencers within business communities at the local and district level to raise the profile of the support available and increase take-up. These include the Yorkshire Asian Business Association (working with the Asian Standard) and the BAME Committee of West & North Yorkshire Chamber of Commerce. The Combined Authority/LEP already works with several key influencers in the enterprise support space to increase take-up amongst BAME-led and Women-led enterprises, and these strong working relationships will also be utilised for this programme. Taking the support available to other community settings, such as faith groups, enterprise centres and childcare providers, will also be a focus of activity to broaden reach and increase take-up, as will the use of role-models and mentors from diverse backgrounds that reflect the population of the region. Lastly, promoting the programme to target audiences via such vehicles as the Asian Standard publication and radio stations such as Sunshine Radio, Peoples' FM and Fever FM, will also be considered as this has previously worked well in terms of increased engagement levels.
- 2.33 The programme was officially launched by the Mayor of West Yorkshire, Tracy Brabin, on 3 November 2021 at an on-line event with over 150 attendees. The event was hosted by local social entrepreneur and LEP Board Member, Kamran Rashid, and also featured case study presentations from several people from diverse backgrounds who have established successful enterprises in West Yorkshire. It also included the Mayor being interviewed by a student from Batley Girls High School on the importance of diversity and enterprise in the region, and a discussion between Sir Roger Marsh OBE DL and Heba Bevan, the Chief Executive of Utterbury, an advanced manufacturing business that is in the process of establishing a significant new venture in Leeds. Within 48 hours of the launch, the website for the programme ([Enterprise West Yorkshire - LEP | Business support and finance \(the-lep.com\)](https://www.the-lep.com)) had over 400 hits, which has since risen to over 1,000.
- 2.34 To date, over 100 referrals have been made to Enterprise West Yorkshire, mostly from Ad:Venture and the Growth Service Gateway, but also from several local partners in the public and private sectors (see below for examples). Over 40 clients have been signed up to the support, just under half of whom are female and 35% of whom are from BAME backgrounds. The first round of webinars are being delivered in December 2021, and at the time of writing (mid-December 2021), over 30 diagnostic meetings have been arranged for January 2022. Although the take-up at this early stage from people from BAME backgrounds is 15% above the target, it is important to continue to identify and implement more effective routes to market and delivery methods. For example, promotion through local trusted networks and community leaders (including successful local business people), tailored messaging, language and branding for different target groups, and more

innovative approaches to customer journeys capable of overcoming barriers to engagement. The delivery of 'in person' events - when safe to do so - across a wide range of community settings, including in some of our most disadvantaged areas, will contribute significantly to the above.

- 2.35 Following the launch of the programme, the Combined Authority and LEP continues to engage with the Lloyds Banking Group Black Entrepreneurs Board. This has involved the team presenting on the new enterprise programme at the West Yorkshire Black Entrepreneurs Conversation event on the 18 November 2021, and also to the Jobcentre Plus Work Coaches and Self Employment Coaches on 9 December 2021. Both presentations and events have already resulted in referrals being made into the programme from people who have not previously engaged with the Combined Authority and LEP, particularly the start-up support available via Workstream Two. It is anticipated that this will increase significantly from January 2022 onwards, particularly from Jobcentre Plus clients.

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. Equality and Diversity Implications

- 5.1 The Economic Recovery Plan recognises the disproportionate impact of COVID-19 on certain groups within West Yorkshire, and in its vision for a fair and just recovery plans to make sure its interventions respond particularly to the needs of those most disadvantaged. By focussing particularly on the role of our response interventions, it is also important to recognise that many of the inequality challenges faced prior to the pandemic remain, and therefore should not be lost when responding to the additional effects of the pandemic.
- 5.2 Specific interventions delivered in connection to this plan will be expected to set targets about how equality and diversity will be achieved, for example in the entrepreneurship programme, employment hub and adult skills framework outlined in this paper, targets for BAME and female led businesses are being written into delivery criteria.

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 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 members and a wide range of partners, including universities and colleges, business representative and membership bodies, and direct with some individual businesses.

10. Recommendations

- 10.1 That the Committee notes the updates on the current economic situation in the region as a result of the COVID-19 pandemic and the work of the Combined Authority and LEP with regards to implementation of the West Yorkshire Economic Recovery Plan, and provides any comments.

11. Background Documents

[Transport and Economic Insights Report \[on COVID-19 economic & transport recovery monitor page\] – latest report published on 20 December 2021](#)

[COVID-19 Economic-Transport interactive Dashboard](#) (last updated 8 November 2021)

12. Appendices

None.