

**ECONOMY PDG
4TH JUNE 2020**

REPORT OF THE HEAD OF PLANNING, ECONOMY AND REGNERATION

COVID 19 ECONOMIC RESPONSE

Cabinet Member(s): Cllr Graeme Barnell

Responsible Officer: Mrs Jenny Clifford, Head of Planning, Economy and Regeneration

Reason for Report: To provide members with information regarding the Growth, Economy & Delivery team's COVID19 emergency economic and community response activities, to inform members of emerging work setting the scene for recovery and provide the opportunity for the Economy PDG members to contribute towards the process and associated policy direction.

RECOMMENDATION: That the report be noted and members indicate how they would wish to be involved in this process.

Financial Implications: It is clear that there have been extreme impacts on the local economy, individual businesses, and the wider community as a result of the pandemic and the resulting lockdown. Nationally much analysis and modelling is underway to seek to understand in more detail the extent and nature of this economic impact. At a more local level, work is currently being undertaken on behalf of South West Councils to better understand the impact on the local economy.

The Government's emergency financial response has been to make grant funding available to help support businesses. Many of these grants have been administered by the District Council at a local level and at the time of writing this report nearly £18 million has been distributed to local businesses. These are explained in more detail later in the report. The Government's package of measures also include a staff furlough scheme to refund businesses for up to 80% of employment costs for staff not required to work during this period. This rate of support is in the process of being reduced as part of the Government's transitional measures in order to incentivise staff returning to work and participating in economic recovery.

Budget and Policy Framework: The focus of this report is on the wider economic impacts rather than on how the Council's own budget and income have been affected. It is likely that this will be part of a financial report as part of a mid-year budget update. The Government has so far announced two tranches of financial support for councils for which the Mid Devon allocation currently totals £864,262.

There will be a need to review Economic Strategies as a result of the pandemic. A future report will update members on any suggested changes to policy. In the meantime the current economic strategies will inform the focus of some of the recovery plans including sectorial focus.

Legal Implications: There are no legal implications arising from this information report.

Risk Assessment: The impact on the economy has been significant. Ongoing work will be focussed on mitigating risk to aid recovery.

Equality Impact Assessment: There have been unequitable impacts of the lockdown with it being felt greatest by many economically vulnerable individuals and households. There are huge impacts on the medically vulnerable as a result of the need to be shielded from the wider community.

A range of initiatives seek to reduce the impact on the economically and medically vulnerable:

- The Mid Devon Covid 19 Support Fund (Devon County Council funded) is a hardship fund for essential crisis payments. It is for those individuals who are in considerable financial distress.
- Similarly the Shielding Hub has also been extremely effective in supplementing the government effort to provide supplies for those who are particularly vulnerable to the pandemic.

Recovery impacts need to consider equality issues carefully. Recovery plans and any changes to Economic Strategies will need to be the subject of Equality Impact Assessments.

Relationship to Corporate Plan: The work of the Growth, Economy and Delivery team supports the corporate objectives for the economy:

- Bringing new businesses into the District
- Business development and growth
- Improving and regenerating our town centres
- Growing the tourism sector

These objectives have even greater significance following the effects of the COVID19 pandemic.

Impact on Climate Change: Putting recovery plans in place to rebuild the local economy will present opportunities to further the climate change agenda, encourage greater use of renewables and support green tech businesses.

1.0 Introduction

1.1 On 31st December 2019, the World Health Organisation (WHO) was informed of a cluster of cases of pneumonia of unknown cause detected in Wuhan, Hubei Province, China. Since then the coronavirus (SARS coronavirus-2 (SARS-CoV-2)) was subsequently identified and has spread rapidly around the globe. The first confirmed cases of coronavirus in the UK were on 29th January 2020. As the outbreak spread, the UK was put into lockdown on 23rd March 2020 in an unprecedented step to attempt to limit the spread of coronavirus. At that time the Prime Minister announced that all UK residents must stay at home to protect the National Health Service (NHS) amid the growing threat of the coronavirus. Other countries worldwide have adopted similar measures. The lockdown has had a significant effect on the global, national and local economy.

1.2 At the time of writing there were 93 tested cases in Mid Devon and 7 deaths (with a COVID 19 positive test result). There were 807 in Devon (excluding

Plymouth and Torbay) out of a total population of 802,375. In terms of the national situation, the UK has more than 250,908 confirmed cases and 36,042 deaths (with a positive COVID 19 test result).

- 1.3 The situation is changing daily. There are daily Government briefings which often bring about new approaches and schemes which local authorities must adapt to and deliver swiftly. There is still a risk of a wider outbreak in Mid Devon particularly as a result of easing of lockdown restrictions and Devon and Cornwall being popular places to visit. This is also a particular risk given the Mid Devon demographic having a high proportion of elderly people.
- 1.4 The pandemic and lockdown is having a significant impact on Mid Devon businesses. In terms of resilience, micro and small businesses with premises are currently having greater protection than some other businesses. This is because many of them are eligible for Government grants and benefit from the furloughing scheme. These initiatives have enabled many small businesses to cover bills during lockdown and keep staff on.
- 1.5 Medium to large enterprises have particular difficulties. Many will be too big to qualify for rates related grants, or the grants are relatively small compared to their turnover. Furloughing has helped, but shutting down businesses can be a big process for larger companies, and can take time to restart, resulting in loss of revenue. Also, overheads tend to be higher, so many businesses will have to resort to their reserve funds, if they have them. Many larger businesses are not eligible for government grants and will not be willing to take up the government loan scheme and accrue more debt.
- 1.6 Food and drink businesses who supply pubs and restaurants are being hit particularly hard, some are having to pay to have stock frozen, which is costly and further drains their financial reserves.
- 1.7 The tourism sector is also severely suffering as a result of lockdown, with the majority of businesses in the tourism sector effectively writing off 2020. Whilst some businesses will benefit from grant support, this often will not be sufficient to keep the businesses afloat.
- 1.8 Our town centre businesses, particularly retail, have been very badly affected by the lockdown and the renaissance of town centres will need to be an important element of recovery plans.
- 1.9 The following sections of the report set out the immediate response undertaken by the District Council with partners to assist businesses and communities through this initial period of the economic effect of the virus at a time when the Government is seeking to suppress the pressure on the NHS and save lives by reducing transmission rates. The report then sets out early thoughts and working arrangements over economic recovery. Members are asked to note that recovery work is in its infancy and therefore this report can only reflect initial thoughts on the subject. Finally the report sets out some discussion points to inform the debate on the nature and scope of the Council's role with regard to the recovery process.

- 1.10 To reflect that much of capacity of officers remains currently committed to the emergency response this report provides a broad overview with the intention that officers will expand on its contents verbally at the meeting.

2.0 Initial Response

- 2.1 The following paragraphs summarise elements of the initial response stage. Throughout this period the Council's website has been continuously updated to reflect the current situation. A link to our webpage can be found below:
<https://www.middevon.gov.uk/residents/coronavirus-support-for-communities-and-businesses/>

Business Assistance

- 2.2 The Growth, Economy and Delivery team has been working alongside the Revenues and Benefits team in processing Government funded **Business Grants**. To date nearly £18 million of business grants have now been issued following over 1,500 applications. Work continues with this including extensive cold calling to notify business who have yet to claim.

- 2.3 The Government has also created a **Discretionary Business Grants scheme**. This initiative is particularly geared toward charities who did not qualify for previous funding opportunities, B&B's (particularly those who are not registered for business rates), businesses occupying shared work space and market traders; however there is significantly less monies available for these grants with only around £1 million allocated to the Mid Devon as compared with the £22 million available for the business grants scheme. The application processes has been developed in partnership with neighbouring Districts and Devon County Council to ensure a consistent approach to determining applications for funding. The team has created an online application form which will also be used by the other Devon Districts. This scheme should be live prior to this meeting.

- 2.4 Where businesses are not eligible for these funds the team are **signposting** them to the Growth Hub. In certain circumstances, where individuals are facing specific hardships, we are directing people to the community schemes set out below.

Community Support

- 2.5 A **Shielding Hub** has been set up to ensure that the extremely vulnerable are provided for. Whilst the government had set up food packages for the vulnerable, via local wholesalers, there is often a regular two week delay in these deliveries coming through. The District Council has been stepping in to assist to help with provisions during the time before supplies come through. The Shielding Hub has had 117 referrals and 86 emergency food packages have gone out. Of those that are having government food packages sent to them, there are 46 people in Mid Devon who need specialist food supplies which the shielding hub are also providing for. This work has been done in partnership with CHAT. The Growth, Economy and Delivery team has led on co-ordinating the community response to vulnerable residents. This has also included organising the use of the Council's own vehicles to assist.

- 2.6 The **Mid Devon COVID 19 Support Fund** is a Devon County Council funded hardship fund administered by Mid Devon Officers. It is for those individuals

who are in considerable financial distress. It could potentially benefit those that are self-employed, those who are furloughed or have lost their jobs, or are on zero hour contracts and fall outside the scope of the business grants coming from the Government. This scheme is relatively new and at the time of writing there have been 46 applications received and £3,517.48 of funds distributed. Demand is likely to increase in the coming months as some of the longer term economic impacts of lockdown kick in.

- 2.7 Officers are also working on a Devon pilot scheme for the **Non-Shielding Vulnerable**, in which local authorities, including the District Council, will have direct access to preferential delivery slots for supermarkets that can be issued to non-shielding vulnerable residents. More information will be provided at the meeting.

The Tiverton Pannier Market

- 2.8 The Tiverton Pannier Market has remained open Tuesday, Thursday, Friday and Saturday; albeit for essential food items only. The Pannier Market has played a significant part in reacting to the current situation at a time when many markets outside of the district have not managed to stay open. More traders are gradually returning to the market to sell essential foods in addition to the fruit and vegetable traders, with Fridays now including a butcher, fishmonger and cake sales. The butcher is also present on Tuesdays. Since the recent easing of lockdown restrictions, plant sales are also now available at the market on Fridays.
- 2.9 The market has provided a useful base for fruit and vegetable deliveries. At the time of writing there has been over 2,000 combined vegetable box deliveries since the 23rd March 2020. Both 'Kelland's Fruit and Veg' and 'The Healthy Root' have played a vital role in supplying the elderly, the vulnerable, key workers and those who are shielding with fresh and healthy produce to their doorstep.
- 2.10 The Pannier Market team continue to follow government advice to minimise spreading the virus. The team is currently working on preparations for when more restrictions are lifted which include continued precautions related to social distancing. The market team has developed a COVID 19 Risk Assessment and is working closely with the District Council's new Health and Safety Officer to ensure that we can continue to implement precautions such as social distancing.

3.0 Next Steps in Planning for Recovery

- 3.1 The Government emergency assistance has cushioned the immediate economic effects of the pandemic; however there are significant concerns about business impacts going forward. The first steps of working towards economic recovery will involve the continuation of the processing and delivery of financial support to businesses as set out above. It will also involve finding sustainable arrangements for ensuring that the appropriate community support mechanisms are set up for the short and medium term.

- 3.2 Officers are currently exploring how to best effect change with the resources and capacity available. This is likely to be through a combination of partnership working, direct action and lobbying.
- 3.3 Given the scale of the challenge it is imperative that we need to assess the situation jointly with others, ascertain opportunities for joint action through aligning or combining resources and also, whether we in some instances, take a step back to allow others more appropriate to take the lead.
- 3.4 At a sub-regional level, the Heart of the South West Local Enterprise Partnership (HotSW) exists to promote, support and accelerate the economic growth of the area. Most recently this has been encapsulated within the Productivity Plan and the draft Local Industrial Strategy (LIS). HotSW intends to have a draft recovery plan available shortly. Early work has been around the three pillars of 'Restart, Revitalise, Grow', and in addition to this they are using the phrase 'Building Back Better – Coming Back Greener' to reflect the priorities of the LIS around clean growth and shared prosperity. This is very much an emergent piece of work, but the current understanding is that they are looking at a range of principles that underpin all support packages which are likely to be implemented through a combination of government lobbying and through the use of the LEP's funding programmes. These are likely to include:
- Levelling up - align SW funding with rest of England per capita allocations;
 - Greater flexibility and spending across all government departments such that spending periods can be extended to reflect COVID impacts;
 - Recognition of the need for additional capital to reflect increased costs post lockdown where more costs are incurred due to social distancing, supply chain shortages etc.; and
 - Flexibility and extensions on existing funding programmes where it has not been possible to deliver work programmes and outputs due to lockdown.
- 3.5 Initial thoughts on intervention could include:
- Support and revitalise the identified hardest hit sectors;
 - Support the wider business economy as they restart and recover;
 - Ensure that we have the people with the right skills to meet the needs for the short, medium and long term of our region's economy;
 - Provide the necessary digital infrastructure that has the capacity and resilience for the 'new ways of working' post COVID 19;
 - Continue our drive towards a low carbon and green economy in the region;
 - Seize the opportunity to regenerate our towns and high streets to create places that facilitate social and cultural opportunities.
- 3.6 In addition to HotSW, it should be noted that there is a weekly meeting of the HotSW Economic Resilience and Opportunities Group (HEROG), which covers the same sub-regional geography but exists as an advisory group to the statutory HotSW Joint Committee. This is the forum that co-ordinates between different authorities and provides a bridge between them and the HotSW level. It also ensures that any relevant messages are fed back to the regional Chief Executives across England who in turn liaise with the Government.

3.7 At a County level a **Devon Business and Economic Recovery Task Group** has been established. This task group includes a range of organisations (including the Heart of the South West Local Economic Partnership, key sector/business representatives, etc) and considers the issues being faced at a tactical level. This joint approach is being developed as part of a co-ordinated countywide approach. This Countywide recovery work is still in its infancy and is focussing to date on four emerging work streams which will develop over the coming months. Your officers are contributing to these work streams, which are Place, People, Business/Sectors and Opportunities.

4.0 Discussion Points and Member Involvement

4.1 Early work to date makes it clear that there are key lines of enquiry where greater clarity over approach and policy direction is required. Clearly there is a role for the Economy PDG to input into this and help shape the Council's longer term approach to the crisis.

4.2 The purpose of the following discussion points is to stimulate debate to influence the policy direction of the Council over the coming months in order to create the best conditions for the people of Mid Devon, taking into account the scope of the Council's role and resources.

- What economy are we aspiring to rebuild and what do we mean by recovery?
- What opportunities are there to embed our economic recovery with the aspirations to tackle climate change, revitalise our places and seek sustainable growth?
- Given the finite resource and capacity available which areas and actions would the PDG wish to prioritise?
- What is the role of the Economy PDG and how it would wish to contribute toward the recovery and be kept informed?
- What would success look like?
- Which other areas do Members consider should be pursued?

4.3 Officers are keen to understand how the Economy PDG would wish to explore these issues further.

Contact for more Information: Adrian Welsh, Group Manager - Growth, Economy and Delivery 01884 234398
awelsh@middevon.gov.uk

Circulation of the Report: Cllr Graeme Barnell
Cllr John Downes
Leadership Team

List of Background Papers:

[Our plan to rebuild: The UK Government's COVID-19 recovery strategy](#) Published 11 May 2020