

REPORT OF THE HEAD OF PLANNING, ECONOMY AND REGENERATION

COVID 19 ECONOMIC RESPONSE UPDATE

Cabinet Member(s): Cllr Richard Chesterton

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

Reason for Report: To continue to provide members with update information regarding the Growth, Economy & Delivery team's latest COVID19 emergency economic and community response activities, to update members on the Devon-wide economic recovery work and seek members' endorsement for the current business support and economic recovery activities.

RECOMMENDATION: That the report be noted and that members endorse the current support and economic recovery activities set out in this report.

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. Devon County Council modelling evidence suggests that the Mid Devon economy will retract by around 10% (roughly 3% more than the rest of the UK) and it anticipates a 5-year recovery journey. These problems could be exacerbated by potentially leaving the EU without a deal.

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 the time of writing this report approximately £21 million has been distributed to local businesses. This includes over £1 million which has also been made available in the form of the Discretionary grant scheme. In addition £73,686 has been granted by the Government to this Council through the European Regional Development Fund (ERDF) to implement a range of measures that will allow for the safe reopening of high streets and to also provide business advice and support in terms of the same. These are explained in more detail later in the report.

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. These latter issues will be addressed within financial reports to Cabinet as part of a mid-year budget update.

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. The recently published Devon Economic Recovery Prospectus does help in providing a direction of travel for future review; however Officers are currently awaiting the production of the associated implementation plans before undertaking any substantive strategic review of our policies. In the meantime the current economic strategies will inform the focus of some of the recovery plans read in conjunction with the Devon Economic Recovery Prospectus. Importantly there is a high degree of synergy

between the themes in our existing Economic Strategy and those emerging through the Devon-wide recovery work.

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.

In considering measures to support the safe reopening of the high streets within the District as a result of COVID-19, a risk assessment led approach has purposely been followed. Risk assessments have been carried out for all towns within the district incorporating a series of on-site assessments. Guidance and advice on safety in a post COVID-19 world has been at the core of this risk assessment process and is vital to ensure that risk is reduced and customer and trader confidence restored.

Advice has also been provided on our website to assist businesses in undertaking their own risk assessments before reopening.

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

A range of initiatives have been put in place to seek to reduce the impact on the economically and medically vulnerable such as the The Mid Devon Covid 19 Support Fund (Devon County Council funded) and the work of the Shielding Hub.

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 Plan priority strand: the economy, and specifically:

- Developing and delivering regeneration plans for our town centres
- Economic opportunities
- Economic and community confidence
- Promoting the development of the farming economy and local food production

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

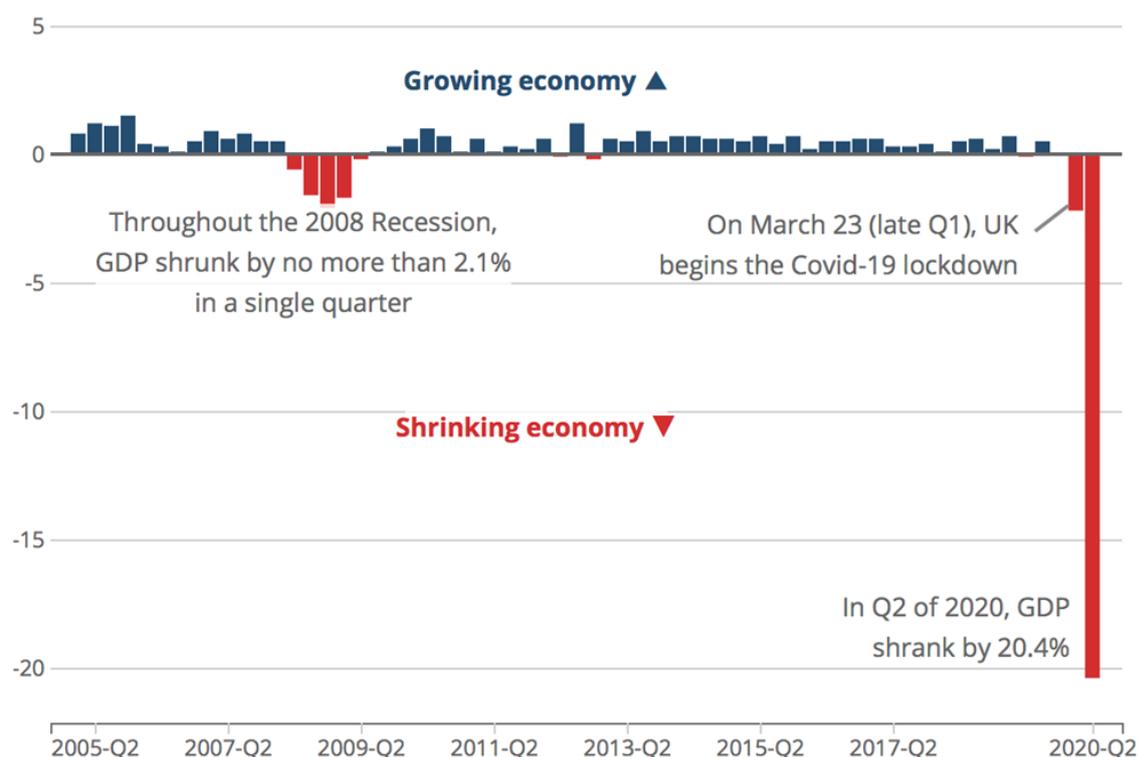
Impact on Climate Change: Putting recovery plans in place to rebuild the local economy will present opportunities to further the climate change agenda, encourage greater use of renewables and support green tech businesses.

1.0 Introduction

1.1 At the time of writing there were 214 tested cases in Mid Devon and 18 deaths (with a COVID-19 positive test result). There were 1,278 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 321,098 confirmed cases and 41,397 deaths (Total deaths within 28 days of a positive test result for COVID-19).

- 1.2 At the time of writing this report data on the Devon County Council website indicates a total of 32 confirmed new cases in Devon in the last 14 days (of which 3 were in Mid Devon), 4 in Torbay, 11 in Plymouth and 16 in Cornwall over the same period.
- 1.3 The effect of the pandemic continues to have an enormous impact on the national economy as the UK has now formally entered a recession, having had two consecutive quarters of economic decline. Between the first and second quarter, the economy has shrunk by 20.4% (as shown in the chart below), the largest decline seen in the UK since quarterly records began.

Figure 1: Quarter on Quarter UK Growth



Source: Office for National Statistics

- 1.4 At the time of writing, the UK is currently predicted to be the 4th worst affected country in the world with a loss of 14% GDP. Whilst it is encouraging that monthly gross domestic product (GDP) rose by 8.7% during June 2020 (on the previous month), it is still 17.2% below February 2020 levels.

Figure 2: Monthly Gross Domestic Product (GDP), seasonally adjusted, UK, Jan 2018 – June 2020



Source: Office for National Statistics – Monthly GDP

- 1.5 At a local level, Devon County Council modelling evidence suggests that the Mid Devon economy will retract by around 10% (roughly 3% more than the rest of the UK) and it anticipates a 5-year recovery journey. The effects of the pandemic continue to have a significant impact on Mid Devon businesses. In terms of resilience, micro and small businesses with premises have had greater protection than some other businesses. This is because many of them have been eligible for Government grants and benefit from the furloughing scheme. These initiatives have enabled many small businesses to cover essential bills during lockdown and keep staff on. However, as these schemes have started to wind down, the effect on the labour market is significant.
- 1.6 The biggest concern for the District is the rise in unemployment. Between March 2020 and July 2020, the claimant count for Mid Devon has risen from 820 claimants to 2,010 claimants. With almost 9,000 Mid Devon employees currently furloughed, there is a significant risk that the number of claimants could substantially increase during September as the scheme comes to a close. To counter this risk, the team is exploring projects with DWP and Devon County Council to provide support to help people get back into work as quickly as possible. We will report to members on the development of any jobs support programmes as they advance.
- 1.7 It is encouraging that at the time of writing, levels of those positively tested in the district remains relatively low; however the risk of a second wave does need to be taken seriously given that globally the death toll is rising and there are still concerns being expressed by the World Health Organisation of a possible acceleration of the pandemic. It is likely that if the District was to suffer from a local outbreak a local lockdown would follow as seen elsewhere in the country. This would likely place a huge responsibility on elements of the District Council to help co-ordinate, administer and implement emergency lockdown measures and associated relief. Emergency Plans (Local Outbreak Management Plan) have been developed should such an eventuality occur. Flexibility needs to be incorporated into our wider economic recovery plans to allow for rapid reprioritisation of tasks should there be such an incident. It is

important to note that the scale of the economic challenges ahead may also be exacerbated should the UK leave the EU without a deal.

2.0 Initial Response

2.1 The following paragraphs summarise elements of the emergency 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 almost £20 million of business grants have now been issued following more than 1,700 applications. The scheme is due to close on the 28th of August, and the final eligible businesses which have not claimed are being chased to make applications before then.

2.3 The Government Discretionary Grant Scheme has been available to businesses which did not qualify under the previous grants, and which fell within certain criteria, such as operating from shared workspace, or operating within one of the District's priority business sectors. Launched at the end of May, the scheme has now closed and all grant payments have been made. The scheme supported over 220 businesses, providing £1,129,000 in grants and helping to protect over 910 local jobs. The supported businesses fell within the following categories:

Business Type	Grant Awarded	Number of Businesses Supported
Market Traders (25)	£1,000	10
	£2,500	15
B&Bs (and other guest accommodation) (17)	£1,000	1
	£2,500	12
	£5,000	4
Charities (6)	£2,500	3
	£5,000	1
	£10,000	2
Shared Workspace (79)	£1,000	19
	£2,500	33
	£5,000	9
	£10,000	18
Food & Drink Supply Chain (25)	£2,500	11
	£5,000	2
	£10,000	11
	£25,000	1
Tourism (48)	£1,000	4
	£2,500	21
	£5,000	1
	£10,000	19
	£25,000	3

Low Carbon Construction (23)	£2,500	5
	£5,000	4
	£10,000	14

- 2.4 Where businesses have not been eligible for these funds, or made enquiries after all funding had been allocated, the team has been **signposting** them to the Growth Hub.

Community Outbreak Plan

- 2.5 Following the Government's announcement that those who are clinically extremely vulnerable no longer need to shield from 1st August, the District Shielding Hub has been stood down. Officers are currently working with Devon County Council and other partner Districts to put in place a local outbreak plan for vulnerable residents. Lessons have been learnt over the last 5 months, and it is now accepted that the response in the event of a local lockdown should be very different than the initial response in March, with an emphasis on focusing as quickly as possible on those most in need. The support offered is also likely to be very different, as residents have by and large found their own strategies to manage under lockdown conditions. However, there will always be a small group of vulnerable residents who will continue to need more targeted support. Refined plans will be in place soon.
- 2.6 The **Mid Devon COVID-19 Support Fund** is a Devon County Council funded hardship fund administered by CHAT and Navigate Charity on behalf of Mid Devon District Council. The fund allows for emergency payments to those in financial hardship due to the COVID-19 outbreak to pay for essentials such as food, energy costs, essential travel etc. The scheme continues to receive a steady stream of applications. To date we have received 166 applications and distributed £13,241.70 in funding. Demand is likely to increase in the coming months as the full economic impacts of the pandemic start to bite. Officers are working with Devon County Council on how best to use further funding offered by Government to support residents through the anticipated rise in financial hardship and debt post lockdown.

3.0 Reopening our Town Centres

- 3.1 Members may recall that the Reopening High Streets Safely Fund (RHSSF) was launched by Government earlier in the year, funded by the European Regional Development Fund (ERDF). This initiative is to put in place measures to establish a safe trading environment for businesses and customers, particularly in high streets. Eligible interventions include communications/public information, business facing awareness raising activities and temporary public realm changes to ensure that reopening of local economies can be managed successfully and safely.
- 3.2 A three stage Action Plan was approved by Cabinet at its 9 July 2020 meeting. The scope of the Action Plan covers the following towns: Tiverton, Crediton, Cullompton and Bampton. Bradninch, which does not have any significant non-essential retail provision, is not included; however officers have been and continue to be in discussion with Bradninch Town Council to share risk assessment work and provide assistance. Crucial to the project is

a risk assessment that is continuously updated to reflect changing circumstances and lessons learnt.

- 3.3 Work on this project continues in close liaison with the town councils and is working well. The project is now into the second phase which covers the medium term actions (2-3 months) informed by ongoing dialogue with the town councils, business organisations/trader groups and Devon County Council. The final phase will respond to any changes needed over the autumn which could arise from a number of issues including customer/trader perceptions and behaviour, changing government guidance and crucially the extent of the virus at that time.
- 3.4 A forum for discussion with the Town Mayors continues to be very useful. This has led to greater collaborative working and has been instrumental in better understanding any changes sought to the emergency public realm measures and changes continue to be made where possible. At the time of writing preparations are being instigated through liaison with this forum, Devon County Council and the local schools.
- 3.5 The Government announced in August that additional resource is being made available to support school transport and the need for increased capacity owing to the social distancing requirements. Devon County Council has been arranging for extra vehicles to be made available and has been working with the bus and rail companies and schools/colleges to identify where the additional resources will need to put in place. More recently the DfE issued the detailed school transport guidance for the reopening of schools in September:
- 3.6 The County Council is in the process of implementing measures informed by this guidance and has been updating its website, issuing relevant media releases and social media posts. Part of the DfE guidance sets out the need to consider the impact on the highway and also at pick up points where children will be congregating. County Council Officers have pledged that they will work with partners on this wherever possible.
- 3.7 The Communication Strategy continues to guide the approach to publicising the changes to the town centre, reinforce safety messages and provide increased confidence to visitors. To date this has included media campaigns and adverts with press releases centred on each town. At the time of writing a radio campaign is also about to be embarked upon promoting Mid Devon towns, reinforcing safety measures and publicising the free parking opportunities which extend until the end of September. Social media updates have also been used through the campaign and our website is regularly updated.

4.0 Planning for Recovery

National

- 4.1 The situation is changing daily with the Government frequently bringing in new approaches and schemes which local authorities must adapt to and deliver

swiftly. In addition to the government initiatives referred to elsewhere in the report there have been some notable recent developments:

Self-Employment Income Support Scheme

- 4.2 This scheme is another iteration of the previous COVID-19 grant initiative for self-employed individuals, or members of a partnership, whose business has been adversely affected by the Coronavirus. This scheme is closing on 19th October 2020.

Eat Out to Help Out

- 4.3 This scheme runs until the end of August 2020 and is valid Monday, Tuesday and Wednesday. Businesses can register to be part of the national discount voucher programme. Mid Devon eateries can use the 'Eat Out to Help Out' scheme to offer a discount to customers and encourage them to dine at their premises. The Government would then reimburse the difference for a 50% discount on food and non-alcoholic drinks to eat or drink in of up to a maximum of £10 per diner.

Business and Planning Act 2020

- 4.4 The Business and Planning Act 2020 was passed into law on 22nd July 2020. The relevant parts of this new legislation (covered in this report) are aimed at supporting businesses and helping them to reopen following the gradual lifting of COVID-19 related restrictions. From a licensing perspective, it introduces a significant new licensing regime for 'pavement licences', which will enable premises serving food and drink to provide seating (and serve) customers on certain highways. It also amends existing provisions within the Licensing Act 2003, providing an automatic extension to the terms of 'ON' sale alcohol licences to allow 'OFF' sales until the end of September 2021.

Regional/ Countywide

- 4.5 Within the report presented to the last Economy PDG information was provided with regard to the 'Team Devon' approach to economic recovery. Team Devon is a public and private sector partnership drawing in expertise from business, education, skills and public sector organisations to prepare a plan for economic recovery in the County. Mid Devon Officers have been active partners in the process. Other contributors to the 'Team Devon' recovery work include business representatives, Devon's County, District and City Councils, the Heart of the South West Local Enterprise Partnership, Dartmoor National Park and Devon's MP's.
- 4.6 The Devon COVID-19 Economy and Business Recovery Prospectus was launched on 3rd July 2020 by 'Team Devon'. The document sets out Devon's shared vision for economic recovery over the next two years a single economic programme for the County to respond to the crisis and build the Devon economy back stronger and more resilient. It aligns activities to address the hardest hit places, communities and business sectors and capitalise on emerging new opportunities.
- 4.7 The Prospectus focuses upon securing support and delivering relief in four core areas: Our Businesses, Our Places, Our People and Our Opportunities. These were considered at the last Economy PDG meeting.

The document sets out a vision for recovery however the partnership recognises that action will not be possible without appropriate resources. Given the scale of the challenge faced, existing resources alone will not be enough to see Devon return to its pre COVID-19 status. As a result the document forms a basis to lobby Government and others for investment. The immediate priorities are seeking an investment of £56 million into local projects that will assist businesses to re-open, adapt and grow, help young people and those at risk of redundancy find or keep a job, and invest in Devon's hardest hit communities and sectors. This initial package aims to safe-guard and create 6,500 jobs, assist the delivery of 5,000 training places and support 7,500 businesses, stimulating business investment and accelerating economic recovery to pre-COVID levels much sooner.

4.8 Any national business grant scheme underspends are currently due to be recovered by Government. Lobbying is taking place at the local level with all councils across Devon having agreed a proposition to put to our MPs with a view to them supporting the local retention of underspend with Ministers in BEIS and wider government as necessary. The intention being to try and locally retain all the underspend in Devon by demonstrating how this could be deployed alongside existing Devon County Council, LEP and ERDF (European) funding streams to maximise impact and create a £60m investment package (the collective underspend across Devon is circa £37.7m (Mid Devon £2.9m)). The proposition would focus on the below packages with around £15m funding to each:

- SME support
- Green Recovery
- Skills and Employment Support
- Levelling Up Places

Subject to the result of this lobbying, support package opportunities may therefore arise necessitating a rapid and agile response to maximise any benefits for Mid Devon.

4.9 Devon partners believe that they can build Devon back better and help create a more inclusive, sustainable and greener economy. This will include recognition of the importance of environmental technology and clean growth.

4.10 Team Devon, with input from Mid Devon Officers, is currently preparing implementation plans to deliver the Recovery Prospectus aspirations. Officers will update Members once that work has been completed.

Recovery Interventions and Prioritisation

4.11 The projects identified earlier in the report are just some of the initiatives that are currently underway by Officers aimed at supporting businesses and striving towards building the economy back better. Given the potential funding opportunities that are likely to become available at very short notice and the possibility that a second COVID-19 wave may arise that would likely tie up the team's capacity. Accordingly there is a need to look carefully at prioritisation of project delivery and ensure that there is some capacity to allow for Officers to

react quickly and flexibly to changing circumstances. This need to be flexible to respond to changing circumstances could also take on even greater significance given the current uncertainty over whether we will be leaving the European Union without a deal. To these ends the Leader of the Council, the Portfolio Holder for Planning, Economy and Regeneration, the Portfolio Holder for Housing and senior officers have initiated a review of projects across the scope of the Growth, Economy and Delivery Team with a view to producing a report to Cabinet considering a refined set of priorities having regard to factors including capacity and availability of funding. As more information emerges the Economy PDG will be updated.

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

Circulation of the Report: Cllr Richard Chesterton
Cllr John Downes

List of Background Papers:

- [transport-to-school-and-other-places-of-education-autumn-term-2020](#)
- [multi-million-pound-funding-package-for-school-transport](#)
- [government-extends-coronavirus-support-for-buses-and-trams-total-funding-tops-700-million](#)