

REPORT OF THE HEAD OF PLANNING, ECONOMY AND REGENERATION

COVID 19 ECONOMIC RECOVERY UPDATE

Cabinet Member(s): Cllr Richard Chesterton
Responsible Officer: Richard Marsh, Director of Place

Reason for Report: To update members on recovery activities undertaken at county and district level and progress on the preparation of a districtwide COVID 19 Economic Recovery Plan.

RECOMMENDATION: That members note the contents of the report.

Financial Implications: The report does not identify any new spend, although actions against a Local Economic Recovery Plan will need to be budgeted within existing funding or external funding sought.

Budget and Policy Framework: The outlined recovery plan will assist in the delivery of the Council's corporate plan objectives and will serve to update the objectives and actions in the Economic Strategy to reflect the impacts of the pandemic.

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

Risk Assessment: The impact of the pandemic on the economy has been significant. The ongoing work identified in this report focuses on mitigating the effects of the pandemic on the business community while aiding recovery. Projects emerging from the recovery plan will need to be taken forward with accompanying risks assessments.

Equality Impact Assessment: The pandemic has impacted most those who were already financially and medically vulnerable. The Council's emergency response is targeted to support those in financial hardship and to protect those who are medically vulnerable. The local economic recovery plan will need to consider the equality impact of proposed interventions and will be subject to an Equality Impact Assessment.

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: A local recovery plan provides an opportunity to update the Council's Economic Strategy and strengthen the focus on the green economy

with initiatives to support green tech businesses and encourage climate change mitigation.

1.0 Background

1.1 This report provides an update on the latest statistical information available and the effect of the pandemic on the Mid Devon economy. It then looks at the projects and initiatives that are currently being undertaken to support economic recovery at a local and Devon-wide level, before concluding with an update on progress with developing a Local Recovery Action Plan.

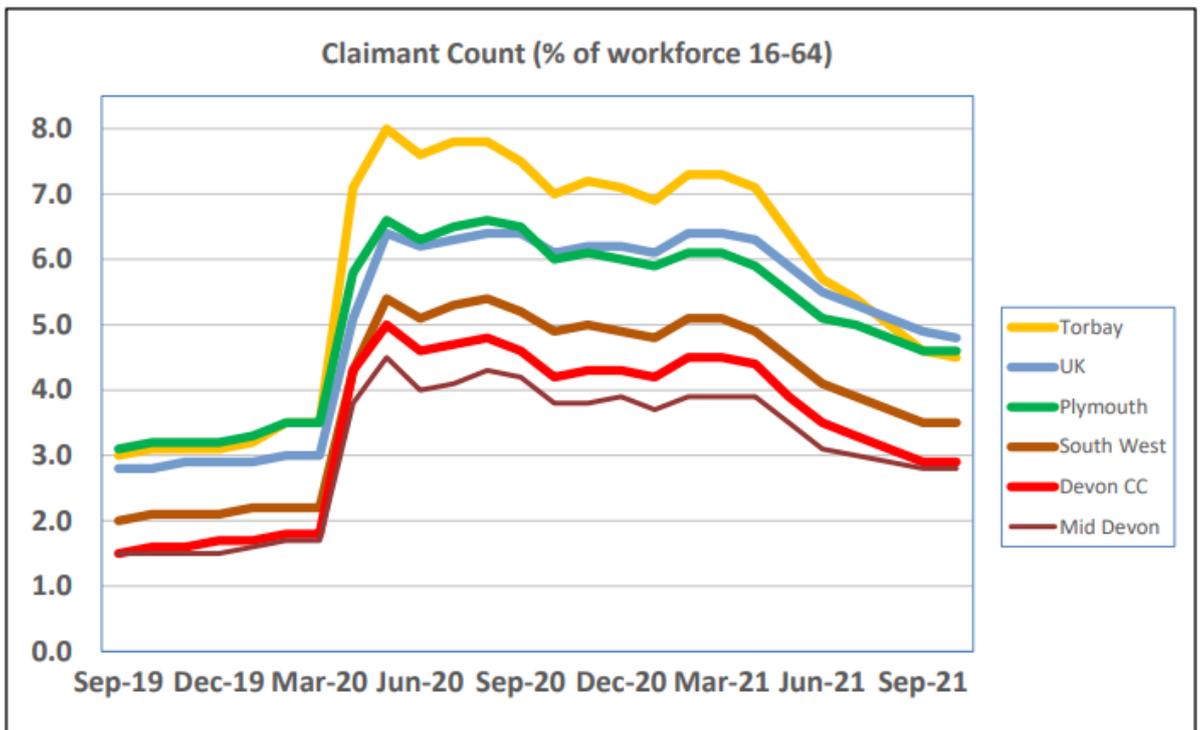
2.0 Latest Economic Position

2.1 As can be expected, the pandemic is continuing to have a significant impact on the local economy, and it is evident that recovery will not be a linear progression to a pre-pandemic position. The emergence of the new variant indicates that the economic consequences of the pandemic are still unfolding and are likely to have further adverse effects on Mid Devon businesses that will need to be mitigated.

2.2 Unemployment

2.2.1 Mid Devon saw a significant rise in unemployment, particularly among young people and the over 50s, during the initial phase of the Covid-19 pandemic. As the economy has re-opened in 2021, recruitment has picked up (particularly in the hospitality and retail sectors), which has led to a massive reduction in the claimant count. Currently the claimant count still remains above the pre-pandemic levels at 2.8%¹. Although the number of claimants in all age groups has been falling, there is evidence that the over 50s are having greater difficulties in returning to work.

¹ Office for National Statistics, October 2021
Economic Recovery Plan July 2021 v1



Current Universal Credit claimant count			
	Mid Devon	Devon County	England
Rate October 2021	2.8%	2.9%	4.9%
Change since March 2020	62%	58%	61%
Change since October 2020	-26%	-30%	-22%

Source: Office for National Statistics November 2021

2.3 Labour Market Issues

2.3.1 While unemployment rates have remained relatively low, there has been a significant increase in demand for labour as businesses recover, leading to labour shortages in many sectors. Job vacancies in Mid Devon for Q3 2021 have risen by 55% compared to the equivalent period in 2019. In particular, care workers and distribution and storage workers are in high demand.

2.3.2 Economic inactivity rates have also shown a significant increase during and after the pandemic lockdowns, particularly for those aged 50-64. – A key reason for this is likely to be early retirements, but there has also been an increase in student applications this year, further tightening the labour market and the availability of potential workers.

2.4 Economic Vulnerability

2.4.1 As reported on previous occasions, the 'Just About Managing' (families in work, but on lower incomes and Tax Credits) have been the worst affected by the pandemic. Pre-Covid figures showed that 39% of children in Devon were in working families claiming tax credits, compared with 36% in Great Britain. Between 2019 and 2020 average pay for the lowest 20% of earners in Mid Devon fell by 8.7%. As to be expected, economic vulnerability is not evenly distributed, but is concentrated in certain locations. Recent analysis by Devon

County Council has shown that the most vulnerable areas in the district are as given in the table below.

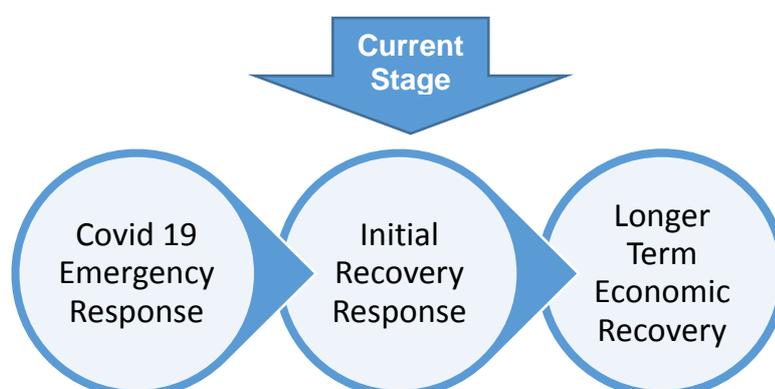
Mid Devon	Rank within Devon (where 1 is most vulnerable and 457 is least)
Tiverton: Castle, Hospital and surrounding area	33/457
Tiverton: Leat Street and Church Street area	37/457
Crediton: High Street and Deer Lane area	40/457
Tiverton: Queensway and surrounding areas	64/457
Tiverton: Upcott Meadow Road and Roundhill area	71/457
Tiverton: Cowleymoor and surrounding areas	72/457
Tiverton: Broomhill area, Withleigh	73/457
Tiverton: Mackenzie Way area	80/457
Lapford, Chawleigh, Eastington, Filleigh	86/457
Tiverton: The Avenue and St Andrew Street area	112/457

2.5 Business Impact - The Visitor Economy

2.5.1 It is too early to be certain about the lasting impact of the pandemic on Mid Devon businesses. However, the latest statistical analysis of the visitor economy shows that for the 2020 season, the pandemic saw a 60% decrease in staying visitors and 52% drop in day visitors, with an estimated £62.5 million loss to the local economy. Although there was a mini-boom in the 2021 season (figures not yet available), for many businesses this has not made up for losses from the previous year.

3.0 Economic Recovery - The Local Response

3.1 Even though in many ways the local economy has been recovering fast from the initial effects of the pandemic, there are still long-lasting impacts that may not as yet be evident nor fully understood. Although the worst of the pandemic may be over, the emergence of the Omicron variant, and the reintroduction of further restrictions, indicates that there are still bumps on the road to recovery.



3.2 It is important to remember that the Council is still involved in the emergency response phase of the pandemic, continuing to provide emergency support to

Mid Devon residents and businesses, and specifically in relation to the Economy Team the distribution of the remaining Additional Restrictions Grant (ARG) funds, managing the Local Household Support Fund, and overseeing Self-Isolation Support.

4.0 Covid 19 Emergency Response

4.1 Business Assistance

4.1.1 A small grant scheme was launched on the 21st November, utilizing an under-spend of £100,000 in the Additional Restrictions Grant (ARG). Small businesses have been invited to apply for grants of up to £10,000 for new initiatives that will help their business recover from the pandemic or make them more resilient. The first tranche of applications received will be assessed for funding in the week commencing 13/12/2021, with a further tranche to be decided in mid-January. The grants scheme will be open until the 28th February, or until the funding is exhausted. Councillors are encourage to share information about the scheme with businesses in their ward: [Financial Support for Businesses during COVID-19 - MIDDEVON.GOV.UK](https://www.middevon.gov.uk/financial-support-for-businesses-during-covid-19)

4.2 Household Support Fund

4.2.1 The District Council has been administering a hardship fund for those in financial hardship in one form or another throughout the pandemic, initially with funding from Devon County Council and then with Government funding. The latest iteration is the Mid Devon Household Support Fund. This is funded by a one-off grant of £86,836 from Devon County Council, being the District share of £5.1 million awarded to the county by the Department of Work and Pensions under the Household Support Fund Initiative. The fund can provide households in immediate need emergency support with food, energy and water costs and other household essentials. The Household Support Fund opened on the 6th October, and up to the end of November has distributed £23,700 to 142 households. Devon County Council has also launched a number of other initiatives to support households in financial hardship, These include providing food vouchers for those eligible for Free School Meals for the Christmas and half-term holidays; energy vouchers available through Citizens Advice and funding for young families through Early Help service and hard-to-reach groups.

4.3 Self-Isolation Support

4.3.1 The Council is also responsible for responding to requests for practical support from people having to self-isolate as part of the county-wide enhanced test and trace service, which is co-ordinated from within the GED team. Although Customer First team continues to receive a steady but increasing stream of requests, very few require practical support, and are adequately dealt with through further information and signposting.

4.4 Additional Relief Fund

- 4.4.1 On 25th March the Government announced a new 'COVID-19 Additional Relief Fund (CARF)' of £1.5 billion. The fund will be available to support those businesses affected by the pandemic that are ineligible for existing support linked to business rates.
- 4.4.2 The £1.5 billion will be allocated to local authorities based upon the estimated rateable value in each local authority rating list which falls within the scope of the fund, weighted for the Gross Value Added (GVA) impacts of COVID-19 per sector. The Mid Devon allocation is £1,164,024.
- 4.4.3 The Council will be required to create a policy to enable allocation of these funds, and we will be inviting businesses to apply so the relief is targeted to the right sectors. Once the policy has been written early in the new year, the website will be updated to recognise this relief and to advise on the criteria for eligibility.

5.0 Local Recovery Initiatives

- 5.1 The Growth, Economy and Delivery Team continues to support businesses as they manage the impact of Covid on their staff and customers and the market consequences of Covid restrictions. A lot of the focus in the initial stages has been on those sectors most affected by previous lockdowns, including the leisure, tourism and hospitality sectors and town centre retail. The following sections give a flavour of the work currently being carried out.

5.2 The Visitor Economy and Agri-Food and Drink

- 5.2.1 The Visit Mid Devon Partnership, between the Council and the Tourist Information Service, has been working hard to maintain and update the Visit Mid Devon website (www.visitmiddevon.co.uk), and to keep it attractive and current through relevant promotional campaigns. To date 136 businesses have signed up to the project, of which, 57 were in the last 5 months. As part of our assessment of Mid Devon's economic recovery we have undertaken a 'How's Business?' survey with our leisure, tourism and hospitality businesses (including local producers) which has allowed the team to build understanding and rapport with the sector and create new channels of communication.
- 5.2.2 Our latest campaign, Taste Mid Devon, has been well received and is constantly changing to reflect Mid Devon's food and drink offer. In order to support our businesses through the economic recovery we are planning an event with guest speakers early next year to highlight the importance of ecommerce, creating a strong supply chain and the tourism trends in the UK following the pandemic, as well as providing business support and other information displays.
- 5.2.3 This sector is one of the hardest hit by the pandemic, therefore, we are investigating different ways to support businesses through the recovery phase. In order to grow Mid Devon's local supply chain we are planning to organise 'Meet the buyer' events, giving suppliers access to buyers and decision makers from across the public and private sectors. These events are aimed at our micro, small and medium size businesses.

5.3 Love your Town Centre Fund

5.3.1 The second round of the Love your Town Centre Fund closed in September which supported a number of the events across CREDITON, CULLOMPTON and TIVERTON town centres in the build up to Christmas.

5.4 Public Realm Update

5.4.1 Through use of Welcome Back funding, we are looking to install new visitor information boards in each of the four towns in Mid Devon. Each one will highlight what the town has to offer and will have an illustration of the town centre. We have received preliminary quotes and are consulting on the content of the boards with local town groups. Alongside this, we have received quotes for the build and installation of a series of new fingerposts to improve pedestrian signage and destination way-marking in Tiverton. Further consultation with the Town Centre Partnership will take place in January to look at other pedestrian signage in the town.

6.0 Devon Economic Recovery Plan

6.1 Throughout the pandemic the 'Team Devon' partnership of public sector bodies has co-ordinated a number of initiatives to support the Devon Economic Recovery Plan. The following sections highlight some of the current activity.

6.2 Coastal & Market Town Initiative

6.2.2 Following on from a report by Hardisty Jones, commissioned by Devon County Council into the needs of Devon's coastal and market towns, Tiverton has been identified as one of eight Devon towns that needs focused attention. The initiative will support the development of a regeneration plan for each of the eight towns and help to progress business plans for key projects so that they are well prepared in advance of any announcements of future Government funding. The report will be discussed at the informal PDG meeting in the new year.

6.3 Community Renewal Fund

6.3.1 Although the Mid Devon's submission to the Government's Community Renewal Fund was not successful, there were a number of bids across Devon that did receive funding that will see benefits to Mid Devon. The list of funded projects include:

6.4 Retrofit Skills and Business Accelerator

6.4.1 A retrofit training project, led by the Retrofit Foundation, that will provide individuals and SMEs in the construction sector and allied trades with the skills they need to retrofit the current housing stock with energy efficiency

technologies, in line with the Government's target for all homes to reach EPC band C standard by 2035. We are already in discussion with the Retrofit Academy on how to roll this out across Mid Devon.

6.5 Agri-Tech Accelerator

6.5.1 Building on Devon's natural capital, this is an innovative project led by Devon County Council which will support farms to diversify and innovate, and the wider business community to work together to advance technology in the agricultural sector.

6.6 Mid Devon Mobility - Stronger Together

6.6.1 Mid Devon Mobility are leading a voluntary sector partnership to develop a social transport / employment hybrid project, which will help individuals from harder-to-reach backgrounds in rural areas to access employment opportunities through public transport and other means.

6.7 Limited Engaging Enterprise

6.7.1 A new self-employment support programme from Serco, which introduces additional innovative products and approaches to support those who may flourish in self-employment.

6.8 Promoting Innovation and Enterprise

6.8.1 Petroc will be leading on a project that seeks to utilise new digital technology (Augmented Reality, Virtual Reality, and Mixed Reality) and knowledge transfer to fast-track innovation and upskilling across businesses in West Devon, Torridge, North and Mid Devon.

6.9 Innovation for Youth and Community

6.9.1 Also led by Petroc College, this project will focus on filling gaps within existing youth and community provision to create a single programme which will support young people in rural / coastal Devon to return to work and learning.

6.10 Digital Devon

6.10.1 A digital skills and training project, led by the Devon and Cornwall Training Providers Network in partnership with the HotSW Digital Skills Partnership, aimed at aligning current digital skills and training provision, as well as promoting train the trainer and intermediate level digital skills roll out.

6.11 School for Social Entrepreneurs Devon

6.11.1 A targeted social entrepreneur's project led by the Dartington School for Social Enterprise, aimed at supporting individuals who are interested in setting up their own social enterprise from harder to reach / disadvantaged backgrounds.

6.12 Devon Elevation Fund

6.12.1 A delegated grant scheme led by Devon County Council which will provide support for business innovation and agility, creating new jobs, new products and allowing local business to play a more active role in building back better and improving local economic resilience.

6.13 **Ability not Disability**

6.13.1 A project focused on addressing and fast-tracking employment for those with a disability within Devon.

6.14 **Velocity – VCSE Devon**

6.14.1 A social enterprise support programme, led by Project Cosmic providing business support, training and peer-group development which builds resilience and innovation in the voluntary, community and social enterprise sectors.

6.15 **Start and Grow**

6.15.1 A business support / enterprise programme run by YTKO Devon that will support the development and fast tracking of micro business to take up post pandemic opportunities.

6.16 **Eden Grounds**

6.16.1 The Eden Project received £250k to undertake a feasibility study which will examine the potential for creating a high-quality visitor and food / green attraction at J27 of the M5. Jason Berry has been in contact with the promoters to see how the Council can be involved.

6.17 All of these projects will need to be delivered by March 2022 so they will be progressing at pace and officers will be in contact with the lead organisations and providers to understand how we can engage as a Council and how Mid Devon businesses can benefit from these schemes.

7.0 **Longer Term Economic Recovery**

7.1 It is likely to take a number of years for the local economy to recover fully. It is also recognised that the district has limited resources and influence it can apply to these major challenges. It is therefore important that the Council is realistic about what it can achieve and continue to work in partnership with other organisations and prioritise our activities and interventions accordingly. It has been proposed that a local economic recovery plan is developed that will update the Council's Economic Strategy adopted before the pandemic. To that end, a series of informal meetings with PDG members have been organised to explore the major issues facing Mid Devon. It is intended that these sessions will be informed by sector representatives to allow members the opportunity to discuss recovery challenges with industry experts.

- 7.2 Informal meetings in October and November have already received evidence from Phill Adams from Devon County Council on the overall state of the local economy, and from Andrew Butler of the NFU on the Agricultural Sector, Further meetings have been arranged to look at the Skills and Training agenda with representatives of Petroc College and the position of our Town Centres with the authors of the Coastal and Market Town Report.
- 7.3 From these discussions, proposals will be formulated to provide an action plan for discussion with members. The proposed Local Economic Recovery Plan will then be brought to Cabinet in April.

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List of Background Papers: