

CABINET
25 JUNE 2020**COVID-19 Economic Restart Plan**

Relevant Cabinet Member

Cllr K Pollock

Relevant Chief Officer

Director for Economy and Infrastructure

Recommendation

1. **The Cabinet Member with Responsibility for Economy and Infrastructure recommends that Cabinet:**
 - (a) **Notes and endorses the action taken by the Council in supporting the County wide activity of the Covid – 19 Economic Response, Recovery and Resilience Group, and the work to date on the Economic Recovery Plan;**
 - (b) **Accept the Open For Business Board’s recommendation to approve £3,574,500 of the Open for Business reserves to be used to fund grants to support local businesses as part of the economic restart planning.**
 - (c) **Continue to review the resources required to support the restart through the Open for Business Board in accordance with Financial Regulations, as set out at paragraphs 19 and 20 of the report.**

Background/Impact

2. The full economic impact of COVID 19 is yet to be fully understood, but as data from local, regional and national sources are collated, we start to see the enormity of the economic impact. From national data provided by ONS and OBR we can see that the projected decline in GVA across Worcestershire ranges from 26% to 41%, using this same approach our analysis finds that GVA for Worcestershire is estimated to fall by 36%, with the largest contribution to the fall from Manufacturing followed by Wholesale and retail, other sectors significantly affected in the county include accommodation, leisure, culture and entertainment”.
3. The National Business Survey undertaken by ONS shows that while businesses are beginning to return to operation, currently just over 20% of businesses are closed temporarily, of these they are reporting that 82% of staff have been furloughed compared to 22% of staff in those businesses that are still trading. As expected, sectors who are beginning to return to work following government guidelines are food businesses, manufacturing and construction.

4. Our local survey results paint a similar picture (from approx. 1200 respondents):

- 28% of businesses are either growing or operating at business as usual. 20% are commencing restart, 31% are ticking over, 19% are in survival mode and 2% are in crisis.
- 85% of businesses expect their profits to decrease this year as a result of Covid-19, with almost 20% expecting profit to decrease by 50% or more
- 24% of businesses have closed temporarily
- Almost 50% of businesses have expressed concerns about cashflow and lack of sales
- 35% of businesses are facing difficulties in returning to work
- Businesses have expressed concern about the effectiveness of supply chains in the coming weeks (and months), either supply of materials or services as well as distributors and sales channels.
- From our new survey released on 2nd June 47% of respondents have said they will be looking to adapt their products and services.

➤ Economic Restart Plan

5. Jointly with our WLEP partners, we formed a Worcestershire COVID-19 Economic Response, Recovery and Resilience Group (WCERG) which had its first meeting in March 2020. The purpose of the group is to inform and manage our collective response to the impact of COVID-19 on the Worcestershire economy, ensuring co-ordination of efforts in relation to our response, supporting recovery and building economic resilience. The group includes representatives from all Worcestershire Local Authorities, Worcestershire Local Enterprise Partnership (LEP), Chamber of Commerce, Federation of Small Businesses (FSB), Department of Work and Pensions (DWP), Regulatory Services, National Farmers Union (NFU), Worcestershire Business Central and Worcestershire Ambassadors.

6. The WCERG has now developed a clear seven-point action plan and for each area the group has identified actions already being undertaken, areas of support and activity that can be repurposed to have greater impact during this current situation. Under each action the group is developing additional support which is required as the impact on the economy and specific needs of business/sectors are identified. The seven-point action plan, each with an allocated lead who are co-ordinating the One Worcestershire response, including the short-term restart activity:

- **Business intelligence:** Developing our evidence base, information from national data and local business survey. While this is a about understanding the total impact, we are paying attention to the following areas; IT, Construction, Manufacturing, Tourism and Leisure, Town Centres and Health and Care
- **Keeping Business Informed:** Ensuring a consistent message across the partnership and no wrong front door approach. Worcestershire Business Central provides the primary point of contact, underwritten by the One Worcestershire digital footprint, Worcestershire Local Economic Partnership

and mirrored across the Chamber of Commerce, the Federation of Small Businesses (FSB) and the District Councils. This network had already actively made over 1400 call to local businesses in addition to responding to specific enquires. There is an established link between the business growth hub (WBC) and Here2Help to ensure customers receive a seamless service.

- **Business Support:** Reshaping current services and developing new relevant support in response to business needs; including access to finance, introduction of new technology, support for business strategy planning. Working with HW Chamber, FSB, WBC and Worcestershire Regulatory Services.
- **Transport and Infrastructure:** reopening of major infrastructure scheme sites, continued development of strategic project pipeline, safely operating public transport, consulting with strategic employers to understand business travel plans.
- **Employment and Skills:** Launch of two new helplines, Worcestershire Careers and Worcestershire Jobs Match, understanding the employment impact on young people, and highlighting the importance of digital skills. Emerging interventions to support graduate and apprenticeship employment.
- **Town Centres:** Supporting Towns to be Open for Business, Healthy and Safe.
- **Tourism:** Worcestershire County Council now has responsibility for Visit Worcestershire and is the Destination Management Organisation for Worcestershire working very closely with district tourism leads. Interventions include a refocused digital presence through June, and emerging target campaigns to position the county as a destination as lockdown eases.

7. The recovery group are confident in Worcestershire's response to date with co-ordinated activity delivered through established business channels and with 'one version of the truth'. Cabinet should note that this is an emerging recovery plan in response to what is an unprecedented event with significant economic impact. The recovery group will continue to horizon scan for national and regional activity, maintaining a dynamic structure capable of responding to local business need over the next 12 -18 months and what is likely to be an ongoing number of Government investment programmes and initiatives.
8. In addition there will be a need to consider long term resilience of the county in the context of the Economic Strategy and the baseline work that underpinned the Local Industrial Strategy, but recognising the significant changes that Covid-19 will have on certain markets, not least – high streets, commercial property and tourism / entertainment industry.
9. To support this recovery activity the County Council role in the restart can be summarised as:
 1. Maintain and where possible accelerate investment in major schemes; to include game changer programme activity and wider economic / infrastructure development projects.

2. Deliver co-ordination, timely and accurate information to business community on national / regional programmes relevant to the county;
 3. Refocus and enhance current business support programmes to support economic restart and recovery;
 4. Use direct resources to support specific demands and opportunities to help the business community, include investment in additional people, resources and where necessary the business support organisation in the county;
 5. Ensure we have the best information we can – national analysis and local data.
10. As part of our response to the business support workstream and to support the restart of our local economy the County Council is proposing a fund of up to £3,574,500 from the Council's Open for Business Reserves (of which £2.1m is capital).
 11. The Open for Business Board provides leadership and direction across the council to drive policy, investment and service integration which enables and supports the successful delivery of the Council's Open for Business agenda and the ambitions of Worcestershire's Local Industrial Strategy.
 12. The Board have approved the application for additional funding from the OfB programme budget but given the nature and scale of activity felt it should refer the matter to Cabinet for approval.
 13. The Economic Resilience programme is aimed at WCC providing support for the local economy to support business recovery and resilience. We will look to provide grant support and professional advice and guidance to companies impacted by the Covid 19 pandemic over a two-year period, which will include providing grants of up to £25,000 but in certain circumstances up to £100,000.
 14. Revenue and Capital Grants of up to £25,000 will be available to SMEs (as defined by the European Commission) in Worcestershire and will be on a 50% match funded basis. The grants will support companies in the following areas
 - Business resilience
 - Business adjustments
 - Supply Chain development
 - Business change and transformation projects
 - Employment of graduates
 - Product/service diversification
 - Opportunity to scale up production
 - Introduction of new technology
 - Research and development
 - Diversification into new markets
 15. A limited number of capital grants up to £100,000 will be available for companies responding to the diversification and market shock associated with Covid-19.

16. Where identified for specific sectors/target areas the county Economic Development team will procure and deliver tailored solutions for the business community.
17. This will be managed under the Economic Development Team management structure adding in additional resource to drive delivery and ensure it reaches the local business community, in particular the identified key sectors of Manufacturing, IT and Cyber, Agri-tech and our corner stone sectors of Health and Care and Construction. Support will also be targeted at rapid growth companies and SME's.
18. Existing resources will be utilised to manage the scheme although it is recognised that additional capacity may need to be found if the scheme and recovery needs continued support. At this stage within financial regulations, the service will look to vire monies within various schemes as appropriate and also consider the use of earmarked reserves.
19. The aim of this programme is to where possible reduce the negative impact on the local economy and encourage the retention of jobs.
20. The Programme will also provide support to businesses online using one to many sessions and one to one sessions on specific topics, which will be will move to face to face interactions as restrictions lift. Bespoke, tailored support providing longer interventions will be available for companies with more complex needs to include topics such as:
 - Crisis scenario planning and management
 - Cashflow management and rapid cost reduction
 - Business, technology resilience and security
 - Supply chain management
 - Diversification, R&D
 - Workforce / Employment
 - Regulatory and compliance

Legal Implications

21. The Council has responded to the national emergency in accordance with the Civil Contingencies Act 2004, including participating in the Local Resilience Forum and working as 'One Worcestershire' with the District Councils to support residents and continue to provide services.
22. As reported to the Cabinet meeting on 26 March, the Coronavirus Act 2020 had just received Royal Assent. This changed requirements for certain service delivery and enabled changes to be made to current policy approaches, with a potential impact on finances. Various aspects of the Act have been implemented through Regulations and guidance has also been issued. Cabinet in March authorised officers to take appropriate action in relation to the coronavirus pandemic, including authorising expenditure and making temporary changes to Council policies arising from the Act, associated legislation, national guidelines and Government directions.

Financial Implications

23. The Council in February 2020 added additional £4 million capital monies to the Open for Business Reserve. Whilst there are other commitments that are also being accounted for this decision would reduce the reserves to just over £3.5 million of capital only. Future calls or plans will continue to be reviewed in light of the revised level of reserves, and additional support if it were needed to support capacity to deliver could be sought from these reserves or virements within and across a range of schemes, subject to financial regulations.

Risk Implications

24. A risk register has been maintained by WCERG throughout the process and reviewed, with any escalation to the Council's senior leadership team dealing with the response and recovery as appropriate.

Joint Equality, Public Health, Data Protection and Sustainability Impact Assessments

25. The response and recovery is being led with the Director of Public Health playing a key role in both the Council's Gold governance arrangements (the Council's high level group under the Local Resilience Forum) and the LRF engagement. Full assessments of risk and actions are being carried out on a daily basis and further information has been included within the body of this report.

Supporting Information

No further information

Contact Points

County Council Contact Points

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Specific Contact Points for this report

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Background Papers

In the opinion of the proper officer there are no background papers in support of this report