



## BRIEFING NOTE

<b>To:</b>	Economic, Planning and Housing Committee
<b>Subject:</b>	Update on Economic Recovery in response to COVID-19
<b>Date:</b>	19 February 2021
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### 1. Background

- 1.1 The Economic Recovery Framework (ERF) was agreed by Cabinet in October 2020. The ERF sets out the priority issues and themes the council and our partners will work on to help stimulate the local economy and move businesses from focusing on survival into recovery and then to planning for growth.
- 1.2 The ERF was last presented to the Economic, Planning and Housing Committee in September 2020. As a reminder, the nine priority themes of the ERF are:
- Clean growth
  - Jobs and skills
  - Business support and entrepreneurship
  - Sector support
  - Technology and Innovation
  - Commercial property and housing delivery
  - Place Marketing
  - Place Shaping
  - Transport and mobility
- 1.3 This briefing note provides an update on key economic indicators and progress with activity under the ERF since the last report to EPH. It is worth noting that all data is correct as of up to 18 February and that this briefing note is being written before the Prime Minister is due to set out the roadmap to easing national restrictions on 22 February.

### 2. Local and national context

#### *Periods of restrictions*

- 2.1 Since the adoption of the ERF, the economy has continued to be severely impacted by the necessary national response to COVID-19. Within the last four

months alone, Basingstoke and Deane has gone through a number of different periods of restrictions, including:

- 5 November - 1 December 2020: National lockdown
- 2 December – 25 December 2020: Tier 2 (allowing majority of businesses to be open but with restrictions on what they could do)
- 26 December 2020 – 4 January 2021: Tier 4 (severe restrictions on majority of businesses)
- 5 January 2021 onwards: National lockdown

2.2 Inevitably, the restrictions placed on businesses have had a significant impact, particularly on those based in the retail, hospitality and leisure industries but also many other businesses who provide services or goods to those sectors. However, it has also had led many businesses who had started planning for recovery and growth being forced back into crisis management mode and seeking financial support from both local and national government to help them stay afloat until restrictions are eased again.

2.3 This has meant that the focus of the council's economic work has been to respond to these needs and to provide direct support in the form of grants and advice and guidance as to what businesses can and cannot do during this period. Therefore our activities have mostly focused on the 'Business support and entrepreneurship' theme but progress has still been made across other priority themes.

#### *Financial support*

2.4 By September 2020, we had already directly provided businesses with over £54m of funding, either through rates reliefs or direct grants. Since November 2020 we have provided a further £10m in grants to over 1200 businesses, either through the Local Restrictions Support Grant, the one-off top up grants for retail, hospitality and leisure businesses or our discretionary Additional Restrictions Grant (ARG) scheme.

2.5 The ARG has been particularly helpful in providing us with the flexibility to distribute financial support to businesses who have not been able to access support previously. This has included limited company directors and businesses that operate from a home premises. Through the ARG, £2.26m has already been allocated to help businesses survive through the periods of lockdown since November 2020, helping to maintain as many businesses as possible through to when restrictions are eased.

2.6 In terms of the take up of national financial support, 1854 loans (either via the Coronavirus Business Interruption Loan Scheme (CBILS) or the Bounce Back Loan Scheme (BBLs)) have been accessed by businesses in the Basingstoke Parliamentary constituency alone (data is not available at local authority level). These loans accessed are to the value of £70.2m. It is expected that some further support, including potential rates relief, will be announced by the Chancellor at the Budget on 3 March.

- 2.7 As a landlord to many businesses, the Property Team continue to work closely with its tenants, providing financial support in the form of deferred rent payments on a case by case basis.

#### *Unemployment and furlough*

- 2.8 The latest data currently available on unemployment is from December 2020. It shows:

- Nationally, the unemployment rate now stands at 5% which means 1.72m people are jobless, the highest level in five years. The model-based comparison figure for Basingstoke and Deane is 2.7%
- The figure we use more frequently is the figure of those on out of work benefits. This rate is now at 4.3% for December 2020, above the Hampshire rate (4.1%) but below the South East (5.2%) and UK (6.3%) rates. The number of claimants is 4,685, down from a recent high of 4,810 in September 2020. As a point of comparison, the number of claimants has not been that high since April 1994
- The rate of 18-24 year olds claiming out of work benefits has reduced to 7.8%, the lowest figure since June 2020. However this is still above the Hampshire (7.1%) and South East (7.6%) rates but below the UK (8.8%) rate
- At a regional level, there were 57,000 redundancies made between Sept and Nov 2020 in the South East. This compares to 16,000 in the same 3 month period in 2019. Unsurprisingly a lot of this came from the retail, food and accommodation sectors but there was also a large number of redundancies in the manufacturing sector at a national level.

- 2.9 Provisional data for December 2020 shows that through the Coronavirus Job Retention Scheme (CJRS), 9,700 employments within Basingstoke and Deane have been furloughed, 10.4% of the overall number of employments potentially eligible. The take up rate for females is slightly higher than for males at 11.5% compared to 9.3%; this difference is mirrored at a national level. Whilst this is a significant increase in number of employments furloughed compared to October (5,400), it is also significantly lower than the known high point of July (13,200).

- 2.10 In terms of the Self Employment Income Support Scheme (SEISS), Basingstoke and Deane has a 52% take up rate of the support available, with 4,200 of the 8,200 potentially eligible self-employed workers in the borough accessing the support. This support, up until 31 December 2020, has been worth £13.4m.

### **3. Economic Recovery Framework - activity**

- 3.1 Even against this backdrop, we have made some critical progress with a number of the priority themes within the ERF. Since September 2020, the major achievements have been:

- *Technology and Innovation:* The launch of the Borough Basket, our e-commerce marketplace for independent and small retailers, enabling them to move online whilst their high street presence has been closed or impacted. The Borough Basket was created in collaboration with a local design agency, The Designlab, and has been specifically made for our

market with a focus of making the transition online as easy and as cost-effective as possible. 44 businesses have already been inducted onto the site, ranging from retail, to food and drink to fashion, and we continue to work to increase the range of the offer from across the borough.

- *Jobs and Skills:* In November 2020 we submitted a joint bid with Rushmoor and Hart Councils for DWP funding for a tri-borough Youth Hub. The Hub will be a physical and virtual service to help 16-24 year olds get back into work, increase their employability and develop their soft skills. The hub will provide a central location (online and physical) which enables young people on welfare benefits to easily access information, support and training to help them move from benefits towards employment. They will be able to access general and more specialist advice from the one central point and knowledgeable staff will be available to advise on what help is available. A critical part of our bid, and the reason why the service would be co-located in the Haymarket and in the Princes Hall in Aldershot, is to make use of our local creative industry to provide arts based employability programmes. The physical locations will be separate to DWP estate and will provide JCP work coaches an alternative and welcoming space in which they can work alongside other local partners. We are still awaiting a final outcome from the decision panel within DWP, but the expectation is that this will be funded. We have already received expressions of interest from external partners to help deliver the service so are ready to move forward with procurement as soon as the funding is secured.
- *Jobs and skills:* During National Apprenticeship Week 2021, the Enterprise M3 Apprenticeship and Skills Hub was launched. The Hub offers support, guidance, and advice on all aspects of apprenticeships and skills, working with businesses to create a strategic approach towards adopting apprenticeships and skills into their organisation by identifying skills gaps, establishing the most relevant apprenticeship or skills training courses, utilising available funding, and building a vision for the future of skills development in their workforce. They can also help with accessing funding via levy transfer scheme from underutilised Apprenticeship Levy contributions from large employers. We are a partner for this project and have a specific advisor allocated to our area to help deliver these activities.
- *Commercial property and housing delivery:* St Modwen Industrial & Logistics has started work on its new, high-quality 11.3-acre scheme at Viabes. The existing site, owned freehold by the council and held by global multi-industrial manufacturers ITT Inc will create up to 250 new jobs when complete, expected to be in Q3 2021. Conversations are already taking place with potential occupiers of the site. Meanwhile at Basing View, Arena Business Centres have acquired Grosvenor House and will redevelop the site into 56,000 sq. ft. of office space, highlighting the continued attractiveness of Basingstoke and Deane as a place for investment.

- *Place Marketing:* In February, our new *Love Basingstoke* website launched, as our one stop shop for people looking to learn about living in Basingstoke and Deane, visiting the area, working here or investing in the area. It replaces the disparate websites previously used to help promote the borough and enables us to deliver focused messages to key audiences about Basingstoke being open for business and a great place to invest.
- *Business support and entrepreneurship:* To support our businesses move from crisis into recovery, we have made plans to allocate ARG funding to three specific business support projects;
  - *Digital transformation and incubation support* to stimulate the resilience, sustainability and growth of existing SMEs through a greater use of technology and digital solutions, and to foster the creation and growth of technology businesses and product commercialisation within Basingstoke and Deane.
  - *A Resilience Programme* to support small businesses and owners through evaluation of the business' existing capabilities and potential weaknesses and support to explore new opportunities, to improve existing products and services and to introduce new services. This programme of activity would also include support for improving business owner's mental health
  - *Peer-to-peer support, networks and events* to enable learning from others, sharing expertise, meeting new prospects and accessing specific training.

These projects have been designed after extensive consultation with businesses and business representatives organisations, such as the Federation of Small Businesses, Hampshire Chambers of Commerce, MakeUK, TechNation and Enterprise M3 LEP. They have also been designed with existing support in mind to avoid duplication, as there is already provision for other critical issues like dealing with the impact of Brexit and maximising the opportunities of reaching new export markets. Plans for these projects are shortly going to Cabinet with delivery aiming to start as soon as possible.

- *Place Shaping:* The council has appointed HemingwayDesign and Allies and Morrison to develop an ambitious strategy for the town centre. The aim is to create a vision and masterplan to guide work and ensure the town centre offers an exciting shopping, leisure and cultural experience. The study carried out by experts over the next six months will include comprehensive engagement with residents, businesses and other groups and a detailed analysis of the town's requirements and aspirations. Working closely with town centre partners, this long-term vision will ensure the council can provide support where it is most needed and maximise joint development and investment opportunities. Consultation work started in February.
- *Place Shaping:* The Art in Unusual Times programme, a virtual programme featuring the best in arts and crafts, dance, theatre,

performances, has had more than 5,000 interactions on social media. The scheme has also supported 20 local artists to aid their recovery from the pandemic and develop their businesses through the commissioning of new work designed to raise their profile for future gain. Local cultural organisations who have been adversely affected by the closure of premises, have had the opportunity to get involved and showcase online content as part of the programme. The programme of work has also benefited the council's place marketing aspirations, with local craft-makers and storytellers creating visual content specific to Basingstoke, focussing on iconic parts and the history of the borough.

- *Clean Growth*: The Climate Change and Air Quality strategy was out for consultation between October and November 2020, receiving nearly 180 responses. This will now be formally adopted by Full Council in March. The council is now also part of a consortium, led by Portsmouth City Council, which has been successful for funding under the *Green Homes Grant: Local Authority Delivery* scheme. This offers free energy efficiency and carbon-saving measures to low-income households living in inefficient homes and is expected to support local jobs in the housing retrofit sector. The scheme commences from March 2021, with measures needing to be delivered by September 2021.

#### **4. Next steps**

- 4.1 Work will continue on delivering the ambitions set out under each individual theme's Action Plan. Internally, the governance structures have been established through an Economic Recovery Group, bringing together officers from across the council to embed the recovery agenda within the organisation and to ensure progressed is maintained across all priority themes. Economic Recovery is also reported on regularly through the Corporate Programme Board.
- 4.2 Work is progressing to finalise the external Economic Recovery Board, bringing together businesses and partners from across Basingstoke and Deane to help the council achieve its ambitions.
- 4.3 Over the next few weeks, there will be a strong focus on supporting the re-opening of the high street and the retail, leisure and hospitality sectors through communication, business advice and support and a programme of activities to bring footfall back into our town and village centres. There will also be a strong focus on employment and skills and maximising the opportunities presented by national programmes such as the Kickstart scheme and the Restart programme.
- 4.4 Pending formal approval from Cabinet we will also be moving forward with our plans for business support activity, funded through the ARG. This will include engaging potential providers and working with our Procurement and Legal teams to start the procurement process as quickly as possible.

#### **5. Conclusion**

- 5.1 The COVID-19 pandemic has required multiple rapid response stages from the council to ensure that businesses have accessed the support they require.

Unfortunately due to the ongoing severity of the current period of national restrictions on the openness of our economy, this has impacted on both our local businesses' ability to look beyond dealing with the current crisis and on the council's capacity to deliver on all of our economic recovery ambitions.

- 5.2 Having said that, significant milestones have already been reached across a number of priority themes, providing us with a great base to continue economic recovery work, particularly when the economy is partially or fully re-opened.