

Report to: Cabinet

Date of Meeting 25 November 2020

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## Covid-19 Economic Response and Recovery - Resources

### **Report summary:**

This report follows up on the one considered by Cabinet at the October meeting regarding the economic impact of the Covid-19 pandemic and how best to support recovery. The resolutions from this meeting included for Cabinet to receive a further report at the November meeting setting out the resource requirements associated with supporting economic recovery. The meeting preceded the announcement of a second national lockdown on the 31<sup>st</sup> October.

This report seeks to take stock of the current situation and puts forward recommendations regarding deploying the funds being made available through the Additional Restrictions Grant as well as the recruitment of additional economic development capacity. It is also recommended that Cabinet receive a further report setting out an assessment of the programme level resources that can be made marshalled to support economic recovery.

### **Recommendation:**

It is recommended that Cabinet;

- Endorses the proposed spend framework for the deployment of monies that have been made available under the Additional Restrictions Grant (ARG)
- Approves the proposed discretionary grants policy to deploy £1m of these funds including the eligibility criteria, local priorities and grant payment levels as set out at Appendix A
- Delegates authority to the Service Lead (Growth, Development and Prosperity) in consultation with the Leader, Deputy Leader, Portfolio Holder for Finance and Chief Finance Officer to agree such further changes to this policy as may be required
- Delegates authority to the Chief Finance Officer to make any required technical changes to the Scheme
- Agrees that prior to the Service Lead (Growth, Development and Prosperity) taking a decision under the scheme that there is consultation with a group of members comprising the Leader, Deputy Leader and Portfolio Holders for Finance and Corporate Services & Covid-19 Response and Recovery and two Conservative members, one of the Independent members and one Cranbrook Voice member to be nominated by the respective Groups,
- Endorses the proposal to recruit two additional Senior Economic Development Officer posts for a fixed term of two years and recommends to Council that these are funded through the business rate retention pilot reserve
- Receives a further report on the programme level resources needed to support and sustain economic recovery including the balance of the ARG funds

### **Reason for recommendation:**

To help to mitigate the impact of the second national lockdown on businesses in the District

To ensure that sufficient capacity is in place to deliver a programme of measures and initiatives to support economic recovery from the impact of the Covid-19 pandemic

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Portfolio(s) (check which apply):

- Climate Action
- Corporate Services and COVID-19 Response and Recovery
- Democracy and Transparency
- Economy and Assets
- Coast, Country and Environment
- Finance
- Strategic Planning
- Sustainable Homes and Communities

### **Financial implications:**

The financial details are contained in the report. Recommendations relating to Additional Restrictions Grant are within the financial sum received from Government (£2,925,680). The request for two additional senior Economic Development Officer posts for a fixed two year period is estimated at a total cost for the 2 years of between £171,130 to £191,990 with costs depending on the spinal point the posts are appointed on. It is recommended if approved the funding to be met from the 100% Rate Pilot Reserve set aside to protect and grow businesses in the District.

### **Legal implications:**

What is proposed is permissible from a legal standpoint and the discretionary policy is in line with the relevant Government guidance. It is for Members to decide whether they are content with the approach advocated. There are no other implication requiring comment.

**Equalities impact** Low Impact

**Climate change** High Impact

An important part of the work of the roles being put forward will be to support a green economic recovery and the transition to a low carbon economy.

**Risk:** Low Risk

**Links to background information** [Team Devon Covid-19 Economy and Business Recovery Prospectus](#)

[DCC Cabinet Paper on Economic Recovery Programme \(item 10\)](#)

[Coronavirus \(COVID-19\): Local Restrictions Support Grant - guidance for local authorities](#)

[Covid-19 Economic Response and Recovery Report, Cabinet October 2020 Item 11](#)

### **Link to Council Plan:**

Priorities (check which apply)

- Outstanding Place and Environment
- Outstanding Homes and Communities
- Outstanding Economic Growth, Productivity, and Prosperity
- Outstanding Council and Council Services

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## **1. Background and context**

1.1 Cabinet considered a report on the economic impact of the Covid-19 pandemic at the October meeting. This highlighted the profound effects that are already been experienced in the District including business failures and large scale redundancies. The expectation is that there will be further rises in unemployment, more business closures and ongoing challenges for the local

economy. These impacts will be felt disproportionately by some age/income groups, places and sectors. In tandem with the lingering uncertainty surrounding the outcome of Brexit negotiations, residents and businesses in the District face a period of unprecedented economic change. The report highlighted that the road to recovery will be both bumpy and prolonged.

1.2 The October Cabinet meeting preceded the announcement regarding a second national lockdown between the 5<sup>th</sup> November and 2<sup>nd</sup> December. The effect of this will be to accentuate the issues and impacts identified above.

1.3 A recommendation within the October report was for a follow up paper setting out the resource requirements associated with supporting economic recovery to come to the November Cabinet meeting. Subsequent to this the government has now confirmed the monies that are being made available to mitigate the impact of the second national lockdown in the form of two grant schemes – the Local Restrictions Support Grant, which launched in the District on the 13<sup>th</sup> November and can provide grants of up to £3,000 to businesses required to close due to national lockdown restrictions, and the Additional Restrictions Grant. This report considers the latter of these grant schemes.

## 2. Additional Restrictions Grant

2.1 On the 31st October 2020, the Government announced the introduction of additional support for Local Authorities under national and Local Covid Alert Level 3 restrictions. This support takes the form of a one-off lump sum payment called the Additional Restrictions Grant (ARG) to be used before 31<sup>st</sup> March 2022. The Council has been awarded a sum of £2,925,680. This has been calculated based on £20 per head of population using the Office National Statistics (March 2020).

2.2 The government's [Additional Restrictions Grant: Guidance for Local Authorities](#) document provides details of potential beneficiaries of this scheme. It is intended to support businesses that have had their trade affected by the restrictions. This includes:

- closed businesses that don't pay business rates
- businesses that have not been required to close, but are still severely impacted

Each local authority has the discretion to establish business grant schemes or other business support as best fits their area.

2.3 It is for Local Authorities to determine how best to split the funding between discretionary grant schemes and other wider business support schemes/activities. Learning from experience with the grant schemes deployed in relation to the first national lockdown, there has been collaborative working across the Devon authorities to help scope out a consistent framework for how this can best be deployed. Devon County Council has commissioned a policy consultant to draft this document which will include setting out key principles. This will provide a robust and consistent outline which is based on shared understanding.

2.4 Members will remember the Discretionary Grant scheme that ran between June and September of this year and deployed £2,410,500 of funds to circa 300 business and organisations in the District. The maximum grant level under this scheme was £25k which was aligned with the maximum available to businesses in the retail, hospitality and leisure sectors and those in receipt of Small Business Rate Relief or Rural Rate Relief under non-discretionary grant schemes. Adopting the same principle now would mean a maximum grant level of £3k to align with the Local Restrictions Grant fund.

2.5 Given that both more funds are available overall through the ARG than with the first discretionary grant scheme and that there is also a much smaller maximum grant size (to reflect the shorter lockdown period), this raises the prospect of there being significant headroom available

with which to adopt a more strategic approach to supporting economic recovery. The emerging framework for Devon suggests that the funds should be divided broadly equally as follows;

- 1/3<sup>rd</sup> towards a discretionary grant scheme to support businesses impacted by the current national restriction period to December 2<sup>nd</sup>
- 1/3<sup>rd</sup> towards strategic economic development projects and priorities to support a wider range of businesses
- 1/3<sup>rd</sup> be maintained in case of further national restrictions before March 2022 – the Government has made it clear that no further ARG monies will be made available in the event of further national restrictions prior to this date.

2.6 In line with this overarching framework it is a specific recommendation of this report that the following spend framework is endorsed in terms of the ARG funds;

- £1m towards a discretionary grant scheme to be deployed in line with an agreed policy
- £1m towards strategic economic recovery projects and priorities - initial thinking is that this could take the form of a grant scheme to support business adaptation, resilience and innovation
- £925,680 to be held in reserve

2.7 Given the wider economic circumstances it is clearly important that the funds are deployed to best effect as quickly as possible. In relation to the discretionary grant scheme it is further recommended that the policy attached at Appendix A is approved. This includes the eligibility criteria and grant payment levels. Subject to this policy being approved and other operational matters being addressed, the scheme can then be launched as soon as possible after the Cabinet meeting.

2.8 With regard to the further £1m scheme it is the intention to bring a proposal to the next Cabinet meeting alongside consideration of wider programme level resources to support recovery (see below). This would then allow this scheme to be mobilised at the beginning of 2021 which coincides with a planned BEIS spending review in January.

### **3. Economic Development Resources**

3.1 The Economic Development team is currently comprised of 2 full time equivalent roles. Whilst the team has responded with speed and agility to large scale redundancies and the need to deploy business grant programmes over the course of the last nine months, this work has necessarily been reactive and has been undertaken at the expense of progressing other planned activity.

3.2 The need to properly address the economic challenges facing the District and support economic recovery over the longer term will demand a more proactive approach. For example this will include the potential to develop specific support programmes for particularly affected groups in the District (the October report highlighted rising unemployment in the 16-24 and over 50 age groups) or to harness and support business opportunities such as local sourcing and promoting a green economic recovery. There are also clear links with other strategic priority areas including in relation to addressing poverty and the opportunity to build back a more resilient, inclusive and sustainable economy.

3.3 To be able to adopt this more proactive approach additional capacity is first required. The proposal is therefore to recruit two Senior Economic Development Officer roles (grade 8) for a fixed two year term. These roles would be funded from the 100% business rate retention pilot reserve. The roles would be focused respectively on 'people' and 'place', this being aligned with the themes identified in the Team Devon Business and Economic Recovery prospectus. Whilst formal job descriptions have yet to be finalised, an indication of the likely scope of activity for each role is given below;

## People

### EDO: Employment and Enterprise

- **Redundancy response** – working direct with management teams of business making redundancies of any scale (<20 and HR1). Ensure every affected employee receives up to date information on the support available and connect them with our existing support network. Liaise with DWP redundancy response as required and ensure the business receives support if seeking to continue trading.
- **Employment & Skills lead** – engagement with employers, training and education providers to identify and mitigate specific skills gaps
- **Kickstart** – Establish EDDC's Kickstart Gateway service, encouraging and supporting our employers to offer fully funded 6 month kickstart placements to UC claimants in East Devon between 16-24 yrs. Coordinate all elements of employer liaison, bid development, funding and wage payments
- **Lead liaison for EDDC's own kickstart placements** – work with team leaders to identify and put in place the right training for each of EDDC's kickstart placements. This will involve coordinating training provision with external providers to ensure the right wrap around support is provided.
- Ensure meaningful targets are included in **employment and skills plans** provided as a requirement of all major development in district. Monitor and report on delivery of these pledges.
- Link with **Financial Resilience Officer** in benefits team
- Work with the **LEP and other partners** on relevant economic and skills policy issues
- Establish and deliver EDDC's **Enterprise Support Programme** – Working with DWP and Benefits colleagues to unlock Community Support and Hardship Funding which will be used to remove barriers to benefit claimants becoming self-employed.
- Provide self-employment **advice and guidance** to residents affected by redundancy as part of our coordinated response network.
- Targeting **self-employment support** to those groups worst impacted (16-24 yrs and 50+)

## Place

### EDO: Prosperity and Investment

- Develop and deliver a **pipeline of investment projects** working with key partners such as the LEP to access funding streams including;
  - o Shared Prosperity Fund
  - o High Streets
  - o Towns Fund
- Support the **Team Devon Business and Economy Recovery** programme by targeting vulnerable places including market and coastal towns
- Ensuring that places have credible initiatives and projects to **address structural changes** including those facing the High Street and workspace provision
- Ensure that critical **infrastructure improvements** are secured e.g. digital, employment sites
- Develop concept and projects that will help to **secure clean growth** and promote a green recovery
- Gather **intelligence and evidence** and help inform strategy and policy development including the new Local Plan
- Respond to **planning applications**
- Lead the commissioning of the **Our Towns** study – lead on delivery of this when things settle

- **Brexit/UK Transition** – export support, liaising with relevant agencies and support providers.
- Lever in **external funding**, for example from the LEP

#### **4. Programme level resources**

4.1 As well as addressing capacity constraints there is a need to ensure that resources are in place to underpin the wider programme of activity to support economic recovery as outlined in the October report. Given the scale of the challenge, sustained effort and investment will be required. The Team Devon Business and Economic Recovery Prospectus provides an overarching framework for this and the County Council has recently committed substantial additional funding to support delivery.

4.2 There are clear linkages here to the development of Poverty Strategy. There is already evidence that it is the lowest incomes groups that are being most severely impacted by the pandemic. The work to support economic recovery needs to ensure that these groups directly benefit from this. The Council has supported the provision of healthy and nutritious food for low income households, especially during school holidays, and welcomes the government's change of position on funding such provision. We will work with the County Council to ensure that a local scheme is in place to ensure children access a good diet over the Christmas break. Our emerging Poverty Strategy will look to ensure that a more sustainable approach to food poverty is developed locally between a range of partner organisations.

4.3 The funding for the posts outlined above is proposed to come from monies received from the 100% business rate retention pilot. Approximately £2.5m is available in this reserve which is intended to promote new and safeguard existing business in the District. This provides scope to put in place a significant economic recovery programme, particularly where this is able to also lever third party funding. This should also help to safeguard business rate income in the District.

4.4 It is proposed to bring a further paper to the next Cabinet meeting detailing the programme level resources that can be marshalled to support economic recovery in the District. As well as the Council's own funds, including those related to the ARG detailed above, this will include consideration to leveraging external funding through developing a pipeline of investment ready projects.

#### **5. Conclusion**

5.1 The impact of the pandemic on the local economy has been profound. These effects have been felt disproportionately by certain age/income groups, places and sectors. Sustained effort and investment will be required to support recovery for the benefit of both our residents and business community. There is an opportunity to build back a more resilient, inclusive and sustainable economy.

5.2 As well as launching a grant scheme to help to mitigate the impact of the current lockdown, this report puts forward a proposal to help secure and marshal the additional capacity and resources required to enable a more proactive approach to be adopted over the next two years. Further consideration will be given to programme level resources through a further Cabinet paper. This will include considered how best we can work with our partners to help stretch available resources.