

Report to: **Cabinet**

Date of Meeting 3 February 2021

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Supporting Economic Recovery

Report summary:

Cabinet has received a series of reports to date on the response to the Covid-19 pandemic. This has included endorsing the Team Devon Business and Economic Recovery Prospectus, addressing resource constraints and deploying grant schemes principally designed to compensate businesses for trade lost through periods of local and national restrictions. As we near what will hopefully be the end of the worst of these periods, this report considers how the Council can transition from tactical response to supporting and sustaining long term recovery. The overall objective is to support the development of a more resilient, sustainable and inclusive economy.

The report sets out proposals to launch a Fund aimed at supporting businesses and other organisations to adapt to the post pandemic landscape and associated changes in operating conditions. As well as utilising £1m of Additional Restriction Grant monies, it puts forward a recommendation to allocate £1m from the Business Rate Pilot reserve to bolster the amount of funding available and ensure that support can be provided beyond March 2022. The report also highlights the importance of developing a credible pipeline of projects so as to be able to successfully access external funding streams including the Shared Prosperity Fund.

Recommendation:

It is recommended that Cabinet;

- Consider the proposed Adaptation, Innovation and Resilience Fund and publish the draft prospectus for consultation for a 4 week period
- Give delegated authority to the Service Lead (Growth, Development and Prosperity) in consultation with the Leader, Deputy Leader and Portfolio Holder for Finance to such changes to the prospectus that may be required and to launch an initial call for applications
- 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
- Recommend to Council that £1m from the Business Rate Pilot reserve is utilised in conjunction with monies from the Additional Restrictions Grant to support the deployment of the Fund
- Notes the importance of having a credible pipeline of projects in order to successfully access forthcoming external funding streams

Reason for recommendation:

To ensure that the Council can play a leading role in supporting economic recovery and the development of a more resilient, sustainable and inclusive economy.

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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 implications are identified in the report and the proposed allocation of funds and reserves is in accordance Government guidance and Council’s determination of the use of the Business Rates Retention Reserve.

Legal implications:

What is proposed is permissible from a legal standpoint. It is for Members to decide whether they are content with the approach advocated. There are no other implications requiring comment.

Equalities impact Low Impact

Climate change High Impact

An important focus of the proposed Adaptation, Innovation and Resilience Fund 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](#)

[Covid-19 Economic Response and Recovery Resources Report, Cabinet 25th November 2020 Item 17](#)

[Business Grant Support Measure, Cabinet 20th January 2021, Item 7](#)

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

1. Background and context

1.1 Over the course of the last 6 months Cabinet has considered a series of reports regarding the economic impact of the Covid-19 pandemic. These have highlighted the profound effects that are already been experienced in the District, including business failures and large scale redundancies, and the expectation looking forward that there will be further rises in unemployment, more business closures and ongoing challenges for the local economy. The evidence highlights that these impacts will be felt disproportionately by some age/income groups, places and sectors. Residents and businesses in the District therefore face a period of unprecedented economic change and the road to recovery will be both bumpy and prolonged.

1.2 The reports have considered a range of issues including;

- Endorsing the Team Devon Business and Economic Recovery Prospectus
- Addressing capacity constraints
- Agreeing the framework for deploying funds made by available by government to compensate for the impact on trade during periods of local and national restrictions

As we near what will hopefully be the end of the worst of these periods, this report considers how the Council can transition from tactical response to supporting and sustaining long term recovery.

2. Adaptation, Innovation and Resilience Fund

2.1 The Council received an award of £2,925,680 in November 2020 through the Additional Restrictions Grant and a further sum of circa £1.5m is expected to be confirmed shortly. These funds are to be used before 31st March 2022. 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 The November 2020 Cabinet meeting resolved to divide the initial award as follows;

- £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

An initial call for applications from businesses impacted by the second national lockdown ran during December 2020. A subsequent Cabinet report in January extended this support through the subsequent periods of both local and national restrictions.

2.4 These grant schemes have provided essential compensation for businesses for periods when their trade is affected by local and national restrictions. As we start to ease out of these periods it is important for the Council to also transition to considering how it can best support and sustain recovery and help to develop a more resilient, sustainable and inclusive economy.

2.5 It is proposed to utilise the £1m of ARG monies which have predicated toward strategic economic recovery projects and priorities to establish an Adaptation, Innovation and Resilience Fund to which businesses and other organisations such as social enterprises can apply. A draft prospectus is contained at Appendix A. This includes setting out objectives, priorities and eligibility criteria as well as detailing the application and decision making processes.

2.6 The prospectus follows the key themes in the Team Devon prospectus namely people, place and business. Crucially it does not seek to set a prescriptive set of rules as to the types of project that will be eligible. This is to allow a wide range of ideas to come forward. Two different avenues for applications are identified – for individual business and organisations and for collaborative proposals, for example place based proposals or those that relate to specific sectors of the economy such as tourism.

2.7 It is a recommendation of this report that Cabinet consider the draft prospectus and that targeted consultation is undertaken prior to finalising it and launching the Fund. This could include local Chambers of Commerce or other business groups for example. This is in addition to

considering the work that has already been completed, for example the business survey undertaken as part of the Reopening High Streets Safely Fund.

2.8 Subject to finalising the prospectus and confirming the wider position regarding Covid-19 related restrictions, it is expected that the Fund could be launched in April. This would allow a significant period of just under 12 months for applications to come forward to drawdown funds made available under the ARG. The impact of the pandemic is though expected to be long lasting and concerted support and investment will be required to sustain recovery and achieve wider objectives such as a green industrial revolution. In recognition of this it is also a recommendation of this report that Cabinet recommend to Council that £1m is made available from the Business Rate Retention Pilot reserve to augment the ARG funds. This will also allow projects and initiatives to be supported beyond March 2022.

2.9 Finally in terms of decision making it is proposed that no decisions will be made in relation to the Fund until consultation has first been undertaken with a Panel of Councillors. Again this forms the basis for a specific recommendation in the report and is a continuation of the approach adopted in relation to the Additional Restrictions Grant.

3. Pipeline of Projects

3.1 The beginning of 2021 has heralded two key economic development challenges – supporting recovery from the pandemic and adapting to life outside of the European Union. The November 2020 national Spending Review included a commitment to launch a £4bn Levelling Up Fund that will invest in local infrastructure and which will support economic recovery. The Spending Review also includes an initial £220m of investment in 2021/22 to help local areas prepare for the introduction of the UK Shared Prosperity Fund. This is the successor to European structural funds.

3.2 It is clearly important that we maximise our chances of successfully accessing these funds. This is a concern shared by the Local Enterprise Partnership who have asked the County Council to help prepare a prioritised pipeline of projects. A proposed template for this is contained at Appendix 2. It can be seen that this covers a wide variety of themes from transport and town centres to carbon reduction and culture.

3.3 Work is underway to populate this template in anticipation of there being a report being taken to the LEP Board meeting in April. Projects will need to continue to be moved forward to an investment ready condition so as to maximise the chances of successfully accessing the funding streams. In turn this will be a further important ingredient in supporting recovery and the LEP is itself moving forward with the publication of a 'Build Back Better' prospectus.

4. Conclusion

4.1 The monies received through the ARG have played an important role to date in supporting businesses that have had their trade impacted by periods of local and national restrictions. There is now an opportunity to consider how to support recovery and the development of a more resilient, sustainable and inclusive economy. The proposed Adaptation, Innovation and Resilience Fund is intended to support both individual businesses/organisations and wider collaborative initiatives in this respect. Dedicating additional funds to this from the Business Rate Retention Pilot reserve will help to maximise its impact over time.