

# Economic Development Committee

22 June 2021



<b>Title</b>	<i>The impact of COVID-19 on the local economy</i>
<b>Purpose of the report</b>	To make a decision
<b>Report Author</b>	<i>Keith McGroary – Economic Development Manager</i> <i>Tracey Carter – Senior Economic Development Officer</i>
<b>Ward(s) Affected</b>	All Wards
<b>Exempt</b>	No
<b>Exemption Reason</b>	
<b>Corporate Priority</b>	Economic Development
<b>Recommendations</b>	<p>The Committee is asked to:</p> <ol style="list-style-type: none"> <li>1. Note the report and the COVID 19 impact on business report attached at <b>Appendix 1</b>.</li> <li>2. Agree the draft Economic Development Recovery Action Plan (<b>Appendix 2</b>) at which sits within the wider draft Corporate Recovery Plan due to be considered by the Corporate Policy and Resources Committee meeting on 5 July 2021.</li> <li>3. Recommend to the Corporate Policy and Resources Committee any further actions the committee would want included in the Recovery Action Plan (if required).</li> <li>4. Agree that a regular report comes to each Committee meeting setting out how the team is delivering on the economic development elements of the Corporate Recovery Action Plan (<b>Appendix 2</b>).</li> <li>5. Agree that a report comes to the next Committee to agree the Councils policy on spending the £2.2m Additional Restrictions Grant (ARG).</li> </ol>
<b>Reason for Recommendation</b>	<p>COVID-19 has had a significant effect on the local economy, businesses and employees, and it is important to understand where this has impacted most (sectors and wards)</p> <p>The team are implementing a number of actions to assist in the economic recovery of the borough, and it is essential that this work is actively monitored and critically reviewed by the Council to ensure they achieve the stated outcomes</p> <p>The Council has a significant grant pot to spend by 31 March 2022, and we need to ensure that the money is effectively spent</p>

	in supporting local business and aiding recovery.
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## 1. Key issues

### COVID-19 impact on the borough

- 1.1 This borough, alongside the rest of the UK and the world, has been significantly impacted by the COVID-19 pandemic. The challenges that everyone has faced have been amplified in the borough due to our proximity to Heathrow, as the aviation and logistics sector have been particularly hard hit. This has resulted in differential impacts across Spelthorne, whether in terms of business sectors, level of unemployment, age demographics or individual wards.
- 1.2 The attached report (**Appendix 1**) sets out in some detail how the pandemic has affected the borough and its residents economically. It is critical that we understand these impacts and where the pandemic has hit hardest so that the Council can tailor its response accordingly.

### Response and Action Plan

- 1.3 Throughout the pandemic, the team have been working to support business with the COVID-19 grant allocations which has rightly taken up a considerable amount of time. Some of the other work is included in the information report which appears as a separate item on this agenda. Notable achievements have included:
  - (a) Worked with the Department of Work and Pensions (DWP) via Job Centre Plus as well as other organisations and businesses to put on the Borough's first virtual Job Fair (14<sup>th</sup> July 2020).
  - (b) Set up a Jobs and Recovery Task Group consisting of Department of Work and Pensions, A2Domonion, Brooklands College, plus officers from Runnymede and Elmbridge Councils (July and August 2020).
  - (c) The Council website has been constantly updated with help support and guidance to signpost businesses to access funding / grant opportunities as well as other help and support; further communications have also taken place through the various social media media.
  - (d) Between July and December 2020, and in partnership with Staines Rotary, the Council put on a series of virtual events (via Zoom) to help businesses to recover from the covid-19 crisis. These events were designed to provide advice and support for small businesses in relation to a variety of topics from finance to HR. This involved businesses, consultants, professionals, accountants, coaches, to create an 'active ecosystem'
  - (e) £93,000 was been made available from the government to support social distancing measures and make our towns safe for opening. Money has been spent on the provision of mobile hand washing facilities situated in the High Street, Staines, as well as posters for shops to put in their windows, and an information video for the council website and the new digital screens in the shopping centres.

- (f) Spelthorne was the only borough in Surrey to submit a successful bid to Enterprise M3 Local Enterprise Partnership (LEP) which resulted in a match-funded award of £42,000 for a digital information screen (5m x 3m) to be installed in the Elmsleigh Centre to remind shoppers in relation to their responsibilities regarding social distancing and personal safety. 9 new covered cycle racks were installed within the borough to encourage and support the take up of cycling, and a live webcam for Staines High Street went live so people coming to the town can see how busy it is. Finally, 34 shops in Staines town centre are that were not accessible to wheelchairs have had ramps provided to make the town more hospitable to those who need wheelchair assistance.
- 1.4 In parallel, the team developed an Action Plan which focused on a number of key areas around supporting business and people, a number of which have been or are being implemented. These have been incorporated into the Councils wider draft Corporate Recovery Plan (CRP) which is due to be considered by the Corporate Policy and Resources Committee (CPRC) on 5 July 2021. **Appendix 2** sets out the proposed draft Economic Development actions.
- 1.5 The Committee will be aware from the regular briefings that have taken place throughout the COVID-19 pandemic that the government has given out a wide range of grants to businesses. In virtually all cases there have been strict criteria attached which businesses have needed to meet, and the Council has acted as 'gatekeeper' to those funds. So far over £50m of financial support has been provided for businesses affected by COVID-19, including business rates reliefs and grants.
- Additional Restrictions Grant
- 1.6 Since summer 2020, Spelthorne has operated 3 separate Additional Restriction Grant (ARG) business support schemes allocating government funding. This has been targeted mainly at businesses that don't meet the criteria (for example providing support for businesses who do not pay business rates) for the other specific support packages.
- 1.7 In addition to direct grants, local authorities have the discretion to use ARG funding in any way that provides business support with a view to support the broader economic recovery from the impacts of the pandemic. The only restriction is that businesses themselves have to be the beneficiaries of funding. Each local authority can determine its own level of funding for this purpose.
- 1.8 Local Authorities can use ARG funding for business support activities. This may primarily take the form of discretionary grants, but Local Authorities can also use this funding for wider business support activities. Spelthorne received £2.8m of funding from the first 2 rounds of the ARG allocations and was required by government to set a discretionary grants scheme and decide how much money to allocate to wider business support.
- 1.9 We have until 31 March 2022 to spend these monies. Spelthorne made a policy decision (agreed by the then Leader and then Cabinet Member for Economic Development) to allocate 40% of that funding to support businesses through direct grants as part of the survival theme, with the remainder be spent on business support as part of the recovery package.

- 1.10 Notwithstanding the grants that have already been given, the Council currently has £2.2m unapplied in ARG funds that can be used as either grants or business support. This is a significant amount of money and it is suggested that this should be focused on business needs throughout the year as the state of the economy ebbs and flows with COVID-19 restrictions. A proportion however should be set aside to support growth and recovery.
- 1.11 Ideally, the way the funding is allocated should be influenced by the business community, and the team have recently conducted a survey to get their views. As this is a discretionary grant, there are very few rules we need to adhere to as long as it is helping businesses, so we can be flexible and adapt as circumstances change if needs be.
- 1.12 Strategically, the Council will need to consider who the target audience is, which industry types would benefit the most and how do we guard against the provision of support for a business that is not going to survive.
- 1.13 It is considered the impact of this spend should result in the creation of a stronger and more competitive set of businesses better able to compete with other businesses external to the Borough. This should also result in job creation as those businesses that are supported grow and hopefully expand.
- 1.14 The proposed policy for spending the ARG is an early stage of development, and the team have collated a wide range of options on how this grant money could best be used.

## **2. Options analysis and proposal**

- 2.1 The report at Appendix 1 is for noting only.

### Action Plan

- 2.2 As economic recovery is one of the central planks of the Councils CRP, the Committee are being asked to agree the draft Economic Development Action Plan at **Appendix 2**. Members are also being asked to recommend if there are any additional actions they would wish to be included so this can be reported to the CPRC on 5 July 2021.
- 2.3 Furthermore, it is recommended that once that document is agreed by CPRC, a regular report comes to each Committee meeting. The intention will be for this report to set out how the team are progressing with delivering on its actions. As the CRP is a 'live' document it will also be for the Committee to recommend to the CPRC what other actions and measures might be required as we move further out of recovery towards future growth.
- 2.4 Members of this Committee could choose not to progress with these recommendations. However, this would limit the opportunity for the Council to be open and transparent about its activities to support business and the economy at a time when we need to be 'setting out our stall'. It would also limit the ability of councillors to scrutinise progress and reassure themselves that the actions being taken are delivering the outcomes that were originally set out.

### Additional Restrictions Grant

- 2.5 With £2.2m available to assist business recovery and growth business, the Council needs to ensure that it is spend in the most beneficial way possible. It is recommended that the policy for allocating the grant is brought to the next Economic Development Committee. In light of the need to move quickly and

the date of the next scheduled meeting not being until September, it may be necessary for an extra meeting be held to get this matter agreed.

- 2.6 Alternatively, the Committee could decide to either delegate the matter to officers for them to develop and agree the policy, or it could be dealt with as an Urgent Item by the Chief Executive, Leader and Deputy Leader and reported back to the next committee meeting. Neither of these are recommended on the basis that this committee, with its considerable business expertise, will bring valuable insight and ideas to the table. It would also limit open discussion, debate and transparency on how to best spend a very substantial sum of grant money.

### **3. Financial implications**

- 3.1 There are no direct financial implications flowing out of this report. As with any grant, there will need to be financial checks to ensure that claims for grant money are not fraudulent, and this will be built into the system. However, there is a balance to be struck between preventing fraud and ensuring that businesses who are in need of grants are not dissuaded from applying or fail because of the time it takes to allocate a grant.
- 3.2 Implementation of the draft Corporate Recovery Plan has been based upon existing resource levels within the Economic Development team. Any future recommendations for additional recovery actions which may impact on staff or other resources will need to be considered by this Committee at that point in time.

### **4. Other considerations**

- 4.1 There are none.

### **5. Equality and Diversity**

- 5.1 These considerations will be embedded within the Corporate Recovery Plan and the policy for agreeing the ARG spend.

### **6. Sustainability/Climate Change Implications**

- 6.1 As the local and national economy moves into recovery after the COVID-19 pandemic, there is an opportunity to reset, and ensure there is an increased focus on 'green jobs and green growth'. The economic development team have been liaising closely with the sustainability team on a number of initiatives to support local businesses who are looking to deliver on the green agenda. This has included supporting businesses with finding suitable sites and facilitating meetings with the Local Planning Authority.
- 6.2 There are a number of actions proposed within the draft Corporate Recovery Plan which will be considered by the Corporate Policy and Resources Committee (CPRC) on 5 July 2021 relating to business and sustainability/climate change measures.

### **7. Timetable for implementation**

It is proposed that a report comes to each committee meeting setting out progress on implementing the economic development elements of the Corporate Recovery Plan (once this has been approved by the CPRC).

**Background papers: There are none.**

**Appendices:**

- 1 COVID 19 impact on business** - This report sets out the main impacts of the pandemic on the borough, employment levels, our main business sectors including aviation, our high streets and our wards.
- 2 Recovery Action Plan Supporting Economic Recovery** – This document sets out the actions that the Council is proposing to undertake to assist the local economy in its recovery from the COVID-19 pandemic.