



# Report to Growth, Infrastructure & Housing Select Committee

**Date:** 28 January 2021

**Title:** COVID-19 and Local Economic Recovery Update

**Relevant councillor(s):** Martin Tett – Leader; Steve Bowles – Cabinet Member for Town Centre Regeneration

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**Recommendations:** For the Select Committee to note; the local economic impact from the Covid-19 pandemic, the update on business support packages provided and funds allocated, the update on further programmes and projects and EU Transition within the Leader's and Cabinet Member for Town Centre Regeneration portfolios.

## Economic Development

### ***Local economic impact and the third national Covid-19 lockdown***

1. The country was in the second wave of lockdown when the last Select Committee meeting took place on 26 November 2020, and which extended to 2 December 2020. Since that time, Buckinghamshire moved quickly from tier 2, to tier 3 and then into tier 4 on 20 December 2020. A third national lockdown was announced on 4 January 2021 and is expected to last until the middle of February.
2. The third lockdown period requires all schools and colleges to close and move to remote learning. All non-essential retail, hospitality and personal care services must close, or remain closed (exceptions are being made for takeaway/delivery services).
3. Buckinghamshire Council's partnership with Bucks Business First (BBF) and Buckinghamshire Local Enterprise Partnership (BLEP) and collective resources enable effective support to be provided and funding to be allocated and distributed as well as collation of intelligence and understanding of the local impact on the Buckinghamshire economy thus far.
4. As the year drew to a close, the Office for Budget Responsibility (OBR) estimated that UK GDP for 2020 will be down 11% on 2019. The latest local data suggests that the Buckinghamshire

economy will have experienced a similar sized hit. Based on the ONS BICS, we estimate that at the end of 2020, approximately 440 Buckinghamshire businesses were at severe risk of insolvency, and a further 4,050 were at moderate risk of insolvency. We estimate that 7% of private sector registered firms in Buckinghamshire have cash reserves of less than 1 month which equates to around 2,100 firms. We estimate that 38% of private sector registered businesses in Buckinghamshire were experiencing 'lower than normal turnover' for the time of year in mid-December, compared to 43% nationally. This equates to approximately 11,000 firms.

5. On the jobs front, the number of Buckinghamshire residents claiming 'out of work' benefits remained high with 15,110 residents claiming in November 2020 (up 9,570 from March 2020), with a warning from OBR that unemployment would not peak until next year. That said, the claimant count rate for Buckinghamshire remains one of the lowest of all 38 LEP areas and stands at 4.6% compared to the national average of 6.4%. At the end of October 2020, 8% of Buckinghamshire employees were on furlough, slightly higher than the national and South East averages of 7%. Workers hardest hit as a result of the pandemic include: young people, the low paid, the newly self employed, those in insecure work, company directors paid via dividends.
6. The UK's aviation industry is likely to be hardest hit by the crisis, and is likely to take a comparatively long time to return to normal. Passenger numbers at Heathrow Airport in 2020 were 73% down on 2019. Other hard hit sectors include; events, hospitality and tourism employing approximately 22,000 people in Buckinghamshire.
7. There have been mixed fortunes within the local construction sector after a 'significant stutter' during the first lockdown, activity has been able to resume in the second half of the year. Despite the challenges, many local sectors appear to have weathered the Covid-19 storm well (eg. digital technology, space, high-performance engineering, TV and film, med tech) and therefore, it is likely they will continue their importance to the local economy. In addition, the pandemic may lead to greater cross-sector innovation and disruption, as some firms are pushed to pivot, diversity or collaborate.

#### ***Additional Support Initiatives for Business***

8. In response to the third lockdown, further business support packages were announced including the extension of furloughing to April 2021 and the extension of other support schemes such as 100% government backed loans extended until March 2021. Buckinghamshire businesses had already secured 12,800 government-backed loans up to 2 October 2020 with a value of £567m. The government has also provided 100% business rates relief for retail, hospitality and leisure businesses and new and extended financial support grants for businesses to compensate them for loss of business from the emergency and the resulting third lockdown. The Council continues to be in a strong position with its partners to deliver an effective response to our businesses.

9. Business rate payers who are forced to close due to national or local restrictions may be eligible for any or all of the following; the **Local Restrictions Support Grant (LSRG)**(for closed businesses), the **Buckinghamshire Discretionary Grant top-up payment**, a closed business lockdown payment. Different businesses have been told to close at different times due to the changing tiers and restrictions and businesses can apply for a closed grant for each of the separate periods. These grants are being administered by the Council and the latest grants announced by the government on 4 January are now being paid to businesses.
10. The amount of grant will vary according to the circumstances of each business but below is a guide to the grants available:

Closed grants	Lockdown 2/Tier 3	Tier 4	Tier 5	Closed business lockdown payment	Buckinghamshire discretionary top-up
Rateable value	5 Nov to 18 Dec	19 Dec to 5 Jan	6 Jan to 16 Feb	One-off	One-off
£0-15,000	£667	£858	£2,001	£4,000	£810
£15,001-£50,999	£1000	£1,286	£3,000	£6,000	£1,214
£51,000 and over	£1,500	£1,929	£4,500	£9,000	£1,821

11. From 2 to 19 December, the Local Restrictions support grant (for open businesses) was also available to support the hospitality, hotel, bed and breakfast and leisure businesses that have been severely impacted due to local restrictions. A grant for businesses in the nightclub industry that were required to close from restrictions imposed in March 2020 has also been available. Both these grants were awarded per 14-day period depending on the rateable value of the business property.
12. For businesses which have been heavily impacted as a result of the restrictions and not able to get support through the LSRG scheme, they can apply for the **Bucks Additional Restrictions Grant (ARG)**. The second lockdown announcement provided funding to the equivalent of £20 per head of population, amounting to a total of £10.9million for Buckinghamshire, distributed in two rounds. The grant is open to applicants until 31 January 2021 at midnight and to be eligible; businesses must have experienced a reduction in income of 30% or more during December 2020 (demonstrated against the same period in the previous year). This grant seeks to capture those businesses who do not pay rates or have no rateable premises. The third lockdown provided a further £4.8m of funding for Buckinghamshire.
13. The amount awarded is determined by the number of employees in the business and varies between the two rounds in place: round 1 covered lockdown 2 (Nov) and round 2 covers Dec; self-employed have a grant value of £1,000 (round 1) and £1,500 (round 2); businesses with

fewer than 5 employees have a grant value of £1,500 (round 1) and £2,250 (round 2) and businesses with 5 or more employees have a grant value of £3000 (round 1) and £4,500 (round 2). The funds are currently being distributed across a range of sectors. The largest proportion of businesses in receipt of these grants fell within the arts, entertainment and recreation sector followed by accommodation and food service activities, professional, scientific and technical activities category and then wholesale and retail trade including repair of motor vehicles and motorcycles.

14. A £1,000 grant is also available for **wet-led pubs** (50% of sales came from alcohol rather than food) who have been impacted by the pandemic and who will receive this one off payment which will be paid on top of existing cash grants for businesses. Applications must be received by 31 January 2021 when this scheme closes.
15. The Council with its partners has been publicising these grants and encouraging eligible businesses to apply and maximise the benefit of the support available and has been working hard to distribute the funds as quickly as possible. The table below sets out the current allocations to date (13 January 2021).

	No. of Grants Paid out	Amount Paid out
Local Restrictions Support Grant (LSRG) (Open and Closed) from November 2020 to 13 Jan 2021	4679	£ 9,756,206
Wet-led Pubs	150	£ 150,000
Buckinghamshire Discretionary payment grant 'Top up' payment (December to date)	731	£ 718,608
Additional Restrictions Grant (ARG) ROUND 1 (Lockdown 2)	1824	£ 2,639,500
Additional Restrictions Grant (ARG) ROUND 2 (Lockdown 3) (to date)	911	£ 2,274,750
Total (to 13 January 2021)	8295	£ 15,539,064

### ***Update on local economic recovery and programmes***

#### Future High Streets Fund (FHSE) bid for High Wycombe

16. In July 2020, the Council made a bid of £17.2m of funding under the MHCLG Future High Streets Funds programme. On 29 December 2020, an offer letter was received stating that the Council has been allocated 69% of the total requested i.e. £11.8m and that a revised bid was required by 26 February 2021 in order to secure the funding.
17. This bid was based upon a number of projects which aimed at investing in property in High Wycombe Town Centre, both commercial and retail, to mitigate market failures. The main aim of the programme was to reduce the overall amount of poor quality retail and commercial space, replacing it with other uses which have better long term prospects. The pandemic is accelerating trends which this bid was trying to address and therefore, the announcement of provisional funding is particularly welcomed at this time.

18. The revised bid will involve removing some projects from the programme in order to reduce its overall size and include recalculating the overall Benefit to Cost Ratio (BCR) and confirming the strategic aims of the bid can be met. The programme is still provisional although it is anticipated that expenditure of the FHSF monies can commence soon after receipt of funding (estimated March 2021) subject to the usual authorities/processes and the final deadline for spending the monies is March 2024.

#### Training and Skills Support

19. There is a recognised need for training providers to be responsive to the delivery of flexible training programmes for young people whose original work or career plans may have been knocked off course by the Covid crisis. Both our universities have addressed this challenge; in 2021 Bucks New University are delivering for the first time foundation courses and condensed year one programmes for their regular degree programmes starting in January. The University of Buckingham are starting a new Masters Degree in Applied Enterprise and Innovation for January 2021 entrants.

20. The first events within the DWP funded Screen Skills for Aviation programme have also taken place from Pinewood Studios, providing support for up to 1,000 individuals from the aviation industry with an online introduction to the screen industries and receiving support in identifying their transferable skills.

#### Business support programmes

21. BBF have so far recruited 87 businesses to participate in the Peer Review. Peer Networks is a national peer-to-peer networking programme for SME leaders that want to grow and develop their organisation for future success, enabling businesses to make connections that go far beyond networking. Initially only available to businesses with in excess of 5 employees, the criteria for participation has been lowered to 2 or more employees following feedback from BBF.

22. BBF and four Buckinghamshire Council Community Boards are working in partnership to deliver a Start up programme for residents in their geographies (Chepping Wye & Beaconsfield, NW Chiltern, SW Chiltern and High Wycombe). Self employment, as an alternative to employment, can be a lifeline for individuals who are unemployed, recently redundant, juggling work commitments with childcare or elderly parent care commitment and the aspiration is to ensure people are well informed and have robust business plans, access to funding etc to ensure any businesses that are started survive and grow. The programme will run from Feb – May 2021.

23. Both LEP and Growth Hub have also been working with Bosch to see how their acclaimed 'start-up harbour' could be brought into Buckinghamshire utilising apprenticeship levy funding.

#### ***EU Transition update***

24. The UK left the EU on 31 January 2020 and the UK reached a Deal with the European Union on 24 December 2020, days before the end of the EU transition period on 31 December 2020. New rules came into effect on 1<sup>st</sup> January 2021 on doing business with Europe and it is important that businesses are aware of, and operating under, those new rules.
25. HMRC has changed the customs grant scheme to allow more people to access the funding and help ensure they are ready to trade with the EU now that the transition period has ended and this scheme is open for applications until 30 June 2021, or earlier if all funding is allocated.
26. A new team has been set up within BBF to provide businesses with support and advice on the new rules. Activity for this team of 7 staff will be reactive but also pro-active with a focus on outbound calls to businesses with specialist advice and 1:1 meetings for those who need it.
27. The aspiration of this activity is to ensure that businesses are aware of the key implications of leaving the EU in regards to:
  - Importing and exporting
  - Workforce and People
  - Regulations and standards
  - Digital and data
  - Business legal requirements
  - IP
  - Energy and climate
28. The Buckinghamshire EU Transition Task and Finish Group continues to meet fortnightly to ensure the right support is in place and relevant action taken going forward.