



Report to Growth, Infrastructure & Housing Select Committee

Date: 25 March 2021

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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 continued local economic impact from the Covid-19 pandemic, the update on business support packages provided and funds allocated, summary of relevant announcements made at Budget 2021 and updates on local economic recovery activity 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 remains in its third lockdown period although from 8 March restrictions have started to lift with children and students returning to face-to-face education in schools and colleges as part of the government's four-step roadmap back to a more normal life.
2. Buckinghamshire Council's partnership with Bucks Business First (BBF) and Buckinghamshire Local Enterprise Partnership (BLEP) and collective resources enable continued collation of intelligence and understanding of the local impact on the Buckinghamshire economy thus far and further intelligence is summarised below.
3. According to ONS Business Impact of Covid-19 survey (wave 23), in mid-February 2021, 73% of firms in the UK were trading whilst 25% had paused trading. The trading status of Buckinghamshire firms is estimated to be broadly in line with the national picture. The same survey reports that in mid Feb 2021, 46% of UK firms reported having lower than normal turnover for this time of year, with 9% reporting increased turnover. There is considerable

variation by sector with 79% of hospitality firms report reduced turnover, compared to 26% of IT firms. For Buckinghamshire, in mid February, an estimated 43% of private sector businesses were experiencing lower than normal turnover for the time of year equating to approximately 12,600 firms, an increase on previous estimates made at the end of the year for 11,000 firms to be affected. The survey also reports that in mid February, just under a third of UK companies estimate that they have less than three months worth of cash reserves with 'other service' businesses and hospitality sectors part of this grouping.

4. Based on the ONS BICS, we estimate that in mid February 2021, approximately 660 registered businesses in Buckinghamshire were at severe risk of insolvency, and a further 4,800 were at moderate risk of insolvency. This is an increase from previous estimates at the end of 2020, of 440 businesses being at risk of insolvency and 4,050 at moderate risk.
5. On the jobs front, the number of Buckinghamshire residents claiming 'out of work' benefits remained high with 14,955 residents claiming in December 2020 but which represented a fall of 155 residents between November and December 2020 (but up 9,415 from March 2020); the claimant count is highest in Wycombe constituency area (6.4%). The number of young people (aged 16-24) claiming has increased at a greater rate than other age groups. At the end of December 2020, 13% of Buckinghamshire employees were on furlough, slightly higher than the national and South East averages of 12% and an increase from the October figure of 8% in Buckinghamshire and the national average of 7%. Again, there are variations between sectors but hardest hit is the hospitality sector with 47% of its workforce furloughed compared to 13% across all industries.
6. There are approximately 48,000 self-employed people in Buckinghamshire with 30,900 identified by HMRC as being eligible for financial support via the Self-Employment Income Support Scheme (SEISS). There have been three rounds of SEISS funding and 54% of those eligible in Buckinghamshire claimed tranche 3 funding up until the end of December, compared to 58% nationally. Overall, more than £1.75million has been paid to self-employed people.
7. Buckinghamshire businesses had secured 14,560 government-backed loans up to 10 January 2021 with a value of £683m. This represents 47% businesses in Buckinghamshire securing loans as a proportion of registered businesses, compared to 55% nationally. The average value of loans secured by Buckinghamshire firms is £47,000.

Update on Support Initiatives for Business

8. There remains 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 continue to be eligible for any or all of the following; the Local Restrictions Support Grant (LRSB)(for closed businesses) until 31 May 2021, a closed business lockdown payment until 31 March

2021. These grants are being administered by the Council and the latest grants announced by the government on 22 February are now being paid to businesses.

10. The amount of grant will vary according to the circumstances of each business but a closed grant is available (16 Feb to 31 Mar) depending on the rateable value (RV); £0-15,000 rateable value: grant of £2,096; RV of £15,001-£50,999: grant of £3,143 and RV of £51,000 and over: grant of £4,174. As previously reported, applications can still be made for LRSB for retrospective periods when businesses were told to close and non-essential retail premises are still eligible if they continued to offer delivery and click and collect services where items were pre-ordered without entering the premises. Businesses who chose to close due to lack of trade are not entitled to this grant or those that remained open and were not instructed to close.
11. As previously reported, businesses which have been heavily impacted as a result of the restrictions and not able to get support through the LRSB scheme, could apply for the Bucks Additional Restrictions Grant (ARG). This closed on 28 February 2021 and over 2,800 businesses in Buckinghamshire employing more than 7,600 people have now received these local 'safety net' grants. A £1,000 grant was also available for wet-led pubs (50% of sales came from alcohol rather than food) who have been impacted by the pandemic and this scheme closed on 28 February 2021.
12. The Council with its partners has worked hard to distribute the funds as quickly as possible and maximise the benefit of the support available to businesses. This is illustrated in recently published Government data which shows that as at 18th January, Buckinghamshire ranks 8th out of 265 local authorities for which data is available for its distribution of ARG. The table below sets out the total allocations in Buckinghamshire to date (5 March 2021).

	No. of Grants Paid out	Amount Paid out
Local Restrictions Support Grant (LRSB) (Open and Closed) from November 2020 to 5 Mar 2021	7768	£ 12,945,532
Wet-led Pubs	192	£ 192,000
Buckinghamshire Discretionary payment grant 'Top up' payment to LRSB (December to date)	2396	£ 2,614,056
Additional Restrictions Grant (ARG) ROUND 1 (Lockdown 2 Nov)	1535	£ 2,659,000
Additional Restrictions Grant (ARG) ROUND 2 (December)	2241	£ 5,601,750
Additional Restricts Grant (ARG) ROUND 3 (Lockdown 3 January to date)	1901	£3,203,750
Total (to 05 March 2021)	16033	£ 27,216,088

Budget 2021 and national economic recovery

13. Following the announcement of the Government roadmap out of the crisis, the Chancellor also announced further support measures in Budget 2021 which took place on 3 March 2021.

This included an extension of furloughing to September 2021 and an extension to the UK wide Self Employment Income Support scheme to September 2021, schemes benefiting Buckinghamshire businesses as set out above. The government also confirmed eligible businesses in the retail, hospitality and leisure sectors in England will benefit from business rates relief and announcements also included an extension to the VAT cut to 5% for hospitality accommodation and attractions across the UK until the end of September, followed by a 12.5% rate for a further 6 months until 31 March 2022. A new UK-wide Recovery Loan Scheme was announced to make available loans between £25,001 and £10million to help businesses of all sizes through the next stages of recovery and £5billion was made available for new Restart Grants, a one off cash grant of up to £18,000 for hospitality, accommodation, leisure, personal care and gym businesses in England. The measures also included an extension of the apprenticeship hiring incentive in England to September 2021 and an increase of payment to £3,000 and £7million for a new “flexi-job” apprenticeship programme in England, that will help apprentices to work with a number of employers in one sector. Additional funds (£126million) were also announced for more traineeships and funding high quality work placements and training for 16-24 year olds.

14. The Chancellor also presented the government publication ‘Build Back Better: our plan for growth’ which focuses on three pillars of investment to act as the foundation on which to build the economic recovery: high quality infrastructure; skills; innovation and that government will do things differently to pursue economic growth: unite and level up the country; drive green growth; support vision for Global Britain. Therefore, the announcements included a number of initiatives for investment-led recovery. This included that beginning April 2021, a new super-deduction will cut companies’ tax bill by 25p for every pound they invest in new equipment. A £375 million UK wide ‘Future Fund: Breakthrough’ will invest in highly innovative companies such as those working in life sciences, quantum computing, or clean tech, that are aiming to raise at least £20million of funding, a new Help to Grow scheme is to be set up to offer up to 130,000 companies across the UK a digital and management boost and a review of R&D tax relief to make sure the UK remains a competitive location for cutting-edge research.
15. Headline announcements also included; the opening of 8 new English freeports with the nearest ones to Buckinghamshire located in East Midlands and Thames and funding support through the Towns Fund with the nearest town benefitting being Bletchley in Milton Keynes.
16. The budget also included the publication of the prospectus for the UK wide Levelling Up Fund, worth £4.8billion over four years, and which provides guidance for local areas, led by local authorities, on how to submit bids for the first round of funding starting in 21-22. The fund is open to all areas but areas were also placed into category 1, 2 or 3 with category 1 representing places with the highest levels of identified need; Buckinghamshire was assigned priority category 3. The first round of the fund focuses on three themes: smaller transport projects, high street regeneration and support for maintaining and expanding cultural and heritage assets and projects should ‘be aligned to and support net zero goals’. The fund sits

within the wider context of the Chancellor's announcement at the Spending Review of £100bn of capital spending in 2021-22, a £30bn case increase compared to 2019-20.

17. The new UK infrastructure bank to be based in Leeds will also begin operating in an interim form later in spring 2021 and will include financing support for private sector and local authority infrastructure projects to help meet UK government objectives on climate change and regional economic growth. The government will also commission a study to the National Infrastructure Commission on towns and regeneration. The commission will consider how to maximise the benefits of infrastructure policy and investment for towns in England.

Update on local economic recovery

Re-opening our High Streets

18. On 22 February 2021, the Government announced its planned road map for taking the country out of lockdown. Whilst it is being led by data and not dates, it is anticipated that no earlier than 12 April, non-essential retail, personal care premises such as hairdressers and nail salons will be able to open and that hospitality venues will be allowed to serve people outdoors. No earlier than 17 May, indoor hospitality will reopen and most businesses in all but the highest risk sectors will be able to reopen including the accommodation sector and indoor entertainment venues such as cinemas. No earlier than 21 June, remaining premises including nightclubs are hoped to be open and the restrictions on large events and performances will be eased.
19. Government calls on local authorities to help high streets re-open safely when restrictions lift and measures put in place to support the reopening remain. This includes the provisions for temporary pavement licences extended for a further 12 months to support the recovery of hospitality and high streets; relaxation of planning rules to allow pubs and restaurants to operate as takeaways and greater flexibility for land to be used for temporary events.
20. Buckinghamshire was allocated £481.5K last year from the 'Reopening High Streets Safely Fund' and whilst the criteria for spend of the fund is very specific, the following areas of spend are allowable; signage, pavement graphics and planters/temporary barriers to support social distancing, reopening safely communications campaigns, business support for reopening, data for reopening monitoring and review purposes, bespoke artwork for empty shops, hand sanitiser stations for high streets and click and collect.
21. Spend has been made supporting the reopening last year and the outstanding funds need to be spent by 30 June 2021. A work programme is in place to support the upcoming reopening of our high streets and a 'Welcome Back' campaign has been developed. The following workstreams of activity are ongoing;
 1. Virtual 'walk talks' with Community Board Chairs and Town/Parish Councils to identify further spend opportunities and follow up support for ongoing recovery work in our high streets, improving the look of the towns and building consumer confidence plus Reopening Aylesbury (coordinated through the Covid Leadership

Recovery Town and Town Centre Management) and Reopening High Wycombe programme development.

2. Re-establish the Reopening Team formed with representatives from highways, licensing, communications, economic development officers, Aylesbury Town Centre Manager with activity focused on highways interventions, pavement licences and managing outdoor hospitality and enhancing outside spaces as well as developing comms campaigns and website.
 3. Business support and engagement mainly through online engagement and expanding the High Street Business Survey which was trialled in Marlow to understand business survival issues to provide triage assistance.
 4. Events including collating local event details as they develop and linking with other services. Not funded by RHSSF but Aylesbury and High Wycombe are working on a programme of Covid-safe events including annual events such as WhizzFizz in Aylesbury and Christmas light switch on (dependent on Government guidelines) and including markets, street entertainment and Aylesbury is looking at launching VIRE, an exploring/walking app.
 5. High Street Footfall monitoring system being procured for Buckinghamshire towns in order to capture footfall, dwell time, heat mapping busy areas and identify catchment of visitor providing valuable data to support further work.
22. There are also a number of linked activities ongoing to support our high streets and businesses including the launch of 'Online Retail Innovation Fund', establishment of regeneration boards and strategies for Chesham and High Wycombe, Future High Street Fund bid in High Wycombe (covered separately on the agenda) as well as future business grant opportunities.