

**Open Report on behalf of Andy Gutherson, Executive Director – Place**

Report to:	<b>Environment and Economy Scrutiny Committee</b>
Date:	<b>24 November 2020</b>
Subject:	<b>Post COVID Mid Term Economic Strategy</b>

**Summary:**

This report describes the economic impact of Covid-19 as we currently know it, and it sets out the actions that have already been carried out by Lincolnshire County Council (LCC), the Greater Lincolnshire Local Enterprise Partnership (LEP), and other partners to reduce the impact. It explains the priorities of the mid-term economic recovery strategy which the LEP has co-ordinated and will communicate to government, and it goes on to outline some short-term actions that are being developed. It seeks the view of members on those short-term actions.

**Actions Required:**

It is recommended that members:

1. Note the ways that Covid-19 is impacting on the local economy.
2. Congratulate officers and partner organisations on the steps that they have already taken to reduce the economic impact.
3. Support the content of the mid-term economic recovery strategy.
4. Comment on the scope of the short-term actions that are proposed to tackle the economic impact of Covid-19.

**1. Background**

Members will recognise the economic impact of Covid-19 which has occurred at a time when economic challenges were already occurring. Changes to the high street, and to global trade, were already taking place and Covid-19 has led to a deepening of these problems plus other problems notably to the hospitality sector.

LCC and the Greater Lincolnshire LEP have jointly been leading the economic response and recovery aspects of Covid-19. The LEP has led on the response phase, and LCC has led on the short term recovery phase.

Looking longer-term, the LEP has regular meetings with senior government officials, with MPs, and business board members are regularly invited to roundtable

meetings with ministers. Therefore the LEP is in a good position to articulate the mid-term requirements for economic growth to the government and it has led the production of a mid-term economic recovery strategy.

### Emerging economic impact of Covid-19

Page 2 of Appendix One explains that the economic impact of Covid-19 can be described as: rising unemployment, tightening labour market, reduced business investment, rapid digitisation, and localised impacts.

**Rising unemployment:** at this stage unemployment is starting to grow in Lincolnshire, but the furlough scheme has cushioned some of the impact. Nonetheless, some trends are starting to emerge such as a reduction in part-time jobs and the closure of small necessity businesses. At this stage, high street retail has seen the main incidences of significant redundancies but we continue to be concerned about the cumulative effect should several small scale redundancies in a single town occur.

**Tightening labour market:** there are still jobs available for people to apply for, but the number of them is reducing and the ability of employers to train and support new recruits is less than before Covid-19. This means that there is a risk that people without relevant experience and skills for businesses which are changing as a result of Covid-19 will struggle to find employment. This is a particularly large risk for young people.

**Reduced business investment:** a substantial proportion of businesses report that they have substantially less cash available to invest because of the reduction in their markets since Covid-19, because of low interest rates, etc. Yet Covid-19 means that businesses need to operate differently and trade differently, all of which will require investment.

**Rapid digitisation:** in order to respond to social distancing requirements digitisation has become essential whether that is online trading, working from home, distance learning etc. Whilst many organisations have adapted successfully, individuals and some businesses have not for a variety of reasons. Availability and affordability of digital services are two examples, but awareness of how to make the best use of digital services is also critical.

**Localised impacts:** analysis shows that some areas, for example those where the tourism and hospitality sector provides a high proportion of jobs/business activity, are most vulnerable to the long-term impact of Covid-19. As previously mentioned, we continue to monitor the risk of a cumulative impact of several small job losses on market towns which could also have a significant localised impact.

### Activity so far

Appendix Two shows that a substantial amount of work has been delivered to support the economy through the immediate impact and the short term recovery aspects of Covid-19.

Councillor Colin Davie on behalf of LCC, and Councillors Nick Worth and Barry Dobson on behalf of the district councils, have had political leadership of the response and recovery phase.

LCC and the LEP have used their convening powers to establish response and short-term recovery actions, all of which have delivered direct support to businesses and individuals. Some examples are:

- District councils have distributed more than 19,000 grants with a value of £227m to businesses.
- LCC's Business Growth Hub has provided advice to 600 businesses and provided web based information that has been used by 42,000 users.
- Redundancy task forces have been designed by the LEP and trained so that they can stand up should significant redundancies occur.
- The LEP has attracted £26m of infrastructure grant funding which is being invested in accelerating schemes like LCC's Holbeach Food Enterprise Zone.
- Weekly assessments of the economic impact in Lincolnshire have been produced and government officials have been briefed weekly.

#### Mid-term recovery plan

The outcomes of the short-term recovery plan are summarised in the previous section.

Greater Lincolnshire LEP has co-ordinated a mid-term economic recovery strategy which describes the way that Greater Lincolnshire and Rutland wishes to work with government to support economic recovery. Pages 3 and 4 of Appendix One shows the detail of the mid-term strategy which is structured around three headings: protect, progress, and prosper.

**Protect:** this is concerned with continuing to address those issues that arise immediately from the pandemic and it recognises that it is likely that there will be a period when changing tiers of restriction and changing lockdown regulations may continue. Members views are sought on this aspect – see below.

**Progress:** this is concerned with ensuring that the strategic priorities that had already been set and were being delivered against continue to be supported. This may involve different types of support to projects from strategic bodies like the LEP and LCC. Strategic priorities included raising technical skills, delivering infrastructure for growth, helping towns to be resilient to change, and helping the area to take advantage of global and low carbon opportunities.

**Prosper:** these are new initiatives which build upon the area's strengths – tourism zone, defence sector cluster, food valley, internationalisation and low carbon strategies, etc. The LEP has co-ordinated small groups of officers, all with LCC officer membership, to work up the detailed plans for these initiatives. It is hoped that they will be presented to the government for investment when their business case is strong enough.

The "protect" aspect of the mid term recovery plan

This is the element which is concerned with immediate actions, to start to be delivered now and to last over the next two to three years. The table below shows the actions that are most directly relevant to addressing the short-term economic impact of Covid-19 and that are already being considered or developed by LCC officers. It is not intended to be a comprehensive economic development strategy.

Issue	Proposed action
Rising unemployment	Establish a task force approach to redundancy situations Provide advice to help businesses to reduce in scale
Tightening labour market	Ensure that the Kickstart scheme which places long-term unemployed people in jobs is available across Lincolnshire  Deliver online Jobs Fairs and careers information to help people to understand about career opportunities in the county  Promote self-employment as a career opportunity, especially to young people
Reduced business investment	Support "Buy Local" campaigns thereby providing more cash to local retailers  Explore ways that small businesses can collaborate to reduce costs
Rapid digitisation	Deliver the next phase of the rural broadband programme and lobby for government investment in Lincolnshire in new technologies  Deliver digital training to help people to have the digital skills that the economy requires
Localised impacts	Work with One Public Estate to explore whether public buildings can be used to deliver services for job seekers and local businesses within their community  Continue to promote and deliver green tourism as a way of increasing visitors to Lincolnshire's coast

Members' views on the content/prioritisation of these would be welcomed. Specifically:

1. Are there any gaps in the list?
2. Do you think that the balance of proposed activities is right? Are there any that you would recommend prioritising over others?
3. Is there a particular group that is affected economically by Covid-19 that you would want to focus on?
4. How can the Council give reassurance to the community that it is addressing the economic impact of Covid-19?

## 2. Conclusion

This report sets out the current economic impact of Covid-19, and the actions that have already been carried out to reduce the impact. It explains the priorities of the mid-term economic recovery strategy and outlines some short-term actions that are being developed. The report seeks support from members for the content of the mid-term economic recovery strategy and the view of members on the short-term actions.

## 3. Consultation

### a) Risks and Impact Analysis

None

## 4. Appendices

These are listed below and attached at the back of the report	
Appendix One	Protecting, Progressing, Prospering: A Covid-19 recovery strategy for Greater Lincolnshire
Appendix Two	Greater Lincolnshire Business and Economy Working Group – 6 Month Highlights

## 5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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