

23 September 2020

Economic Recovery

Purpose of report

For information.

Summary

This report summarises the key forums the LGA is involved in with Government to address issues of economic recovery. It also provides members with an update on key economic recovery issues being raised by councils and how the LGA will be supporting councils through our improvement work.

Recommendations

That members note the work the LGA is doing around economic recovery in several different forums

Action

Members provide further feedback for officers to feed into the various economic recovery forums.

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Economic Recovery

Background

1. The LGA continues working with the Government on economic recovery. As outlined at the previous board meeting, the Ministerial Economic Recovery Group continues to meet on a regular basis. The group has cross party representation from the LGA and is chaired by Simon Clarke. It also includes Core Cities, Key Cities, District Councils Network, County Councils Network, Association of County Chief Executives, the M9 Mayors and the LEP Network. It has been one of our routes for lobbying around the recovery. These meetings initially began to address issues around the reopening of the economy and the management of the public realm. Over the past few meetings they have become more focussed around specific sector issues.

Issues

2. At the meeting on 17th July the focus was on **supporting the visitor economy**. We raised several issues including:
 - 2.1. The strong stake councils have in their visitor economies
 - 2.2. Impact of issues related to regional airports
 - 2.3. Loss of earned income for councils through culture, tourism and sport
 - 2.4. Visitor economy being one of the country's fastest growing economic sectors with further potential to support local recover
 - 2.5. Visitor economy focus providing the opportunity to deliver on the levelling up agenda
 - 2.6. Challenges of running venues with social distancing issues
 - 2.7. Cultural venues being anchor for nighttime economy
 - 2.8. Impact on businesses which have lost out on seasonal income
 - 2.9. Need for clear national messaging around social distancing
3. We also proposed a range of measures in partnership with the other representative bodies. The key points were:

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- 3.1. Councils and Combined Authorities must be involved in national conversation on the visitor economy
 - 3.2. Central government must trust local authorities to work with businesses to ensure social distancing guidelines are adhered to
 - 3.3. Different areas will have different levels of need, with some areas, such as coastal communities, more at risk
 - 3.4. here is a clear need for direct investment in the tourism sector of at least £1 billion, in addition to the extension of existing packages of support.
 - 3.5. Freedom and flexibilities around different funding streams would allow the refocus of existing funding to support place-based recovery, led by growth boards.
 - 3.6. Government must work with authorities across the country to assist in managing and spreading demand across the country
4. At the most recent meeting on 24th June the group discussed **Employment and Skills**. The LGA lines on employment and skills, previously discussed and agreed in P&P and Cities Boards, formed the basis for these discussions. There was a good degree of consensus across councils and combined authorities about the importance of an approach which involved co-designed programmes with local delivery. Ministers are keen to continue to work with councils on these issues. The group will next be meeting in September.
 5. The Ministerial Group is also being supported by a series of officer led working groups. These groups have an LGA officer sitting on all of them and cover a range of issues including:
 - 5.1. Labour markets and skills
 - 5.2. Business communities and sectors
 - 5.3. Rural recovery
 - 5.4. Urban recovery
 6. The **Rural and Visitor Economies Group** is jointly chaired by a county and district chief executives, nominated by the County Councils Network and District Councils' Network respectively. The remaining members are made up of other district and county chief executives and LEP representatives. The group has been tasked to look at what short term interventions Government could make to spur on visitor and rural economic recovery. To date conversations have been very much focussed on "quick wins" following steers

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from Government officials. Those suggested have ranged from extending wedding locations to other venues; encouraging school trips to rural locations and enabling more businesses to operate outdoors into the autumn and winter. The Group will meet again towards the end of September and will submit a paper to the main officer-led Recovery group for consideration.

7. The **Labour Market, Employment and Skills Task and Finish Group**, chaired by Joanne Roney (Chief Executive, Manchester City Council) and Frank Rogers (Chief Executive, Liverpool City Region), brings together representatives from the M9, Core Cities, LGA, DCN, CCN and the LEP Network. Its aim is to develop the place angle to jobs / skills recovery issues. To date, it has met twice and focused on shaping Kickstart. The LGA has drafted a Kickstart: what good looks like paper, on behalf of the group with based on input from all member bodies. The aim of it is to support local and national discussions on the design, commissioning and delivery of Kickstart. It is being cleared by the group. Alongside this, we have also developed information that might be useful to councils should they wish to get involved in coordinating or delivering the programme with JCP locally. Further meetings are expected to include a focus on apprenticeships and adult retraining.

Local Recovery Issues

8. Alongside our policy and lobbying work with Government the LGA is also monitoring the key issues for councils around recovery at a local level, these include:

Culture and tourism

9. Many cultural organisations (such as theatres) are still unable to open, and we expect that cultural organisations are likely to be among the slowest to recover. This presents significant challenges for regions dependent on visitors to cultural sites for income, as the furlough scheme is likely to end before these venues can return to capacity.
10. The tourism industry has been hit hard by COVID-19, with fewer international visitors this year, and although more UK residents are holidaying domestically this year, there is still likely to be a significant financial gap for regions particularly dependent on tourism. Visit Britain forecast a central scenario (as of June 30th) of £39.2bn in domestic tourism spend in England in 2020, down 48% on 2019 when spending by domestic tourists in England was £75.9bn.

Education

11. In predominantly rural areas where many pupils are reliant on school transport to attend school, access to education may be harder. Either these services may have stopped, or

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previously operated close to capacity, making it difficult to socially distance. As most schools return to full capacity in the autumn, pupil transport will become a bigger issue.

Economic Growth

12. Areas with struggling high streets are likely to face challenges in recovering from lockdown, as businesses are either not in a financial position to re-open, or if they do re-open find that much of their business has moved online in the preceding months.
13. The £50m Safer Reopening of High Streets Fund to councils was a helpful step in the initial phase of coming out of lockdown, but councils have found that there were too many limitations on it, and additional funding will be needed to rebuild healthy high streets.
14. Areas dependent on one industry, such as those near airports with a high proportion of residents working in the aviation sector, still require funding from Government for specific issues otherwise regional recovery will be hampered. This is also an issue for predominantly rural areas highly dependent on a specific sector for employment – there are 37 specific sectors that provide at least 5% of employment in one or more predominantly rural area.

Sustainability

15. Urban areas have moved quickly to install new cycle lanes, modal filters, and widen pavements to encourage active travel and reduce air pollution and carbon emissions. Many of these changes were made on a temporary basis, and there is likely to be a period of readjustment as some of these changes are made permanent, while other, less successful or popular changes are removed.
16. Improving sustainability through travel is likely to be a greater challenge in rural areas, where it is less possible for many residents to exclusively travel by cycling, walking and public transport.
17. COVID-19 has led to many projects (such as those on energy efficiency in the home) being paused. As lockdown is eased, these projects can resume, but there remains a challenge about how to carry these out in a safe, socially distanced way.

Community cohesion

18. Extremists may continue to use the post-COVID landscape to further their narratives; economic decline and rising inequality (or perceptions of these) in particular, have traditionally provided fertile territory. As protective instruments such as the furlough scheme and pause on evictions are removed as lockdown eases, regions with strained community relations are likely to be at greater risk of rising extremism.

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19. COVID-19 has exacerbated existing inequalities, meaning the gaps between regions are likely to become wider too. Urban areas have slightly higher levels of inequality than rural areas, with a greater gap between the number of areas in the upper and lowest quintiles. Between April 2020 and May 2020, the number of people claiming Universal Credit or Job Seeker's Allowance increased by 24 per cent in predominantly rural areas compared with an increase of 30 per cent in predominantly urban areas.

Local lockdowns

20. There has been a lack of local lockdown recovery plans in areas under observation. Currently Leicester is the only area with a local lockdown recovery plan. Other areas only have wider post COVID-19 Recovery Plans which mostly focus on economic recovery and renewal.
21. There have been challenges in managing large scale sporting events and permissions being given to open at a national level e.g. horse racing events, but no choice in doing so. There have been many challenges at managing such events at council level, e.g. volumes of racegoers travelling around, public transport, policing etc.

Improvement Funding

22. The LGA has also identified improvement funding to support the work of councils on economic recovery. Potential projects have been identified focussing on:
- 22.1. Jobs and skills planning
 - 22.2. Developing the local digital economy
 - 22.3. Councils role in developing diverse and successful micro-businesses
 - 22.4. Toolkit for areas which have lost a major employer
 - 22.5. Action learning sets for councils focussed on recovery

Spending Review

23. In late July the Chancellor re-launched the 2020 Spending Review process, with a deadline for submissions of 24th September. The Spending Review will cover three years' worth of day-to-day spending and four years' worth of capital spending and will set the scene for the rest of this Parliament. The LGA is currently working on its submission to

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Government. The devolution of funding and powers will be a fundamental element of the entire response.

Implications for Wales

24. We continue to work with the WLGA on issues of shared importance, including the broader messages around the Spending Review.

Financial Implications

25. The Improvement work is being funded through the 2020/21 RSG Budget

Next steps

26. Officers to reflect Members views as this work continues to progress.