

Report

Cabinet

Part 1

Date: 24th June 2020

Subject Covid-19: Economic Impact and Recovery

Purpose To endorse the Covid 19: Economic Impact and Recovery Strategy which will support and facilitate Newport businesses to recover and continue operating.

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Ward All

Summary The Newport Economic Growth Strategy 2015 was updated and refreshed in February 2020 and recognised that by 2020 Newport had become a more competitive city with a growing influence in high value sectors and a rapidly expanding tourism sector. The Prime Minister's announcement of lockdown on 23rd March 2020 effectively shut down large swathes of the economy and necessitated unprecedented intervention from the UK Government to mitigate the worst of the economic damage a prolonged lockdown would bring.

As we start to emerge from the pandemic we will need to identify what areas of Newport's economy will require support, where new opportunities may be found and how we can shape the 'new normal'. This recovery strategy will form an addendum to the adopted Economic Growth Strategy.

Proposal To adopt the Covid-19 Economic Impact and Recovery Strategy.

Action by Cabinet

Timetable Immediate

This report was prepared after consultation with:

- Acting Chief Executive
- Head of Finance (Chief Finance Officer)
- Head of Law and Regulations (Monitoring Officer)
- Head of People and Business Change
- Leader as Cabinet member

Signed

Background

The Economic Growth Strategy was adopted in 2015 and outlined a 10 year vision for building Newport's Economy through:

- (1) Delivering Shared Prosperity,
- (2) Creating an Excellent Economic Environment, and
- (3) Moving Newport up the Value Chain.

In February 2020 Cabinet approved an updated and refreshed strategy which retained these aims but reflected Newport's position as a more competitive city with a growing influence in high value sectors and a rapidly expanding tourism sector.

Circumstance and events have changed dramatically since the arrival of Covid-19. The lives of citizens, and the economic outlook of businesses and employees has become significantly more uncertain. The Prime Minister's announcement of lockdown on 23rd of March effectively shut down large swathes of the economy and necessitated unprecedented intervention from the UK Government to mitigate the worst of the economic damage a prolonged lockdown would bring.

At the current time, the UK is still in the early stages of its response to the pandemic. Over time, key economic indicators will be published so we will be better able to understand the wider impact across society and the economy as well as the local picture. Heading into the pandemic, indicative data over the Jan-Mar 2020 period showed the Welsh employment rate was 73.4% and 1.1% points down on the year. Conversely the national unemployment rate was at 3.2% and 1.3% down on the year. During the lockdown period, March-May, the effect of lockdown on the wider economy has been modelled by the Office for Budget Responsibility and over the last 3 months, the UK economy is forecasted to have shrunk by -12.8% in 2020 with an unemployment rate of 7.3%. Unfortunately the reality could be more.

In an attempt to counteract economic contraction and mass unemployment brought about by the lockdown policy the UK Government introduced an unprecedented number of economic support packages for UK businesses. Official statistics show there has been significant uptake of this support with only 15.3% of businesses still trading not having accessed any of the available schemes.

In Newport, the business rates relief scheme was a key element of the immediate response to the economic crisis and the total rates relief awarded in Newport to date has been over £17m. The total grant support from all funds stands at over £26m and has been awarded to more than 2,000 Newport businesses. Whilst this is positive, it is clear that not all sectors have been affected to the same degree, not all will be able to recover at the same pace, and not all businesses have been able to access the same level of support. Whilst some sectors have started to return to work, businesses within the hospitality and leisure sector are predicted to be among the last to reopen. It is also unclear how potential changes to global supply chains will affect businesses.

What we need to do now is identify what areas of the economy will require support, where new opportunities may be found as a result of the disruption of the pandemic, and how we as the City Council can shape the 'new normal'.

The Covid-19 Economic Impact and Recovery Strategy identifies three key areas of focus in the short, medium and longer term. These are:

Short term: **Recover**

- Support businesses to ensure maximum access and allocation of existing and emerging financial schemes.
- Provide a reactive support service which is flexible to adapt to the 'new normal' but remains aligned to local, regional and national priorities for growth and recovery.
- Focus support on start-up businesses, particularly those in identified growth sectors and the foundational economy.
- Ensure any interventions are timely, appropriate and efficient.
- Ensure there are no missed or wasted opportunities.

Medium Term: **Reposition**

- Attract inward investment through promotion of the City as an excellent and safe place to live, work and visit.
- Accelerating of improvements to digital infrastructure in order to support increased levels of home working.
- Growing the HE and FE offer within the City in order to provide an improved skills and learning offer.

Longer Term: **Renew**

- Repositioning Newport in a new world where we are able to rebalance the economy, the environment and society in order to provide us with greater long term resilience and improved well-being for future residents.

At the heart of this strategy is continued regeneration activity and our work & skills programmes. These are the most powerful tools we have to encourage inward investment to support indigenous business growth and reduce inequality. We will continue to work with all of our partners, including Cardiff Capital Region and the Western Gateway in order to ensure that Newport emerges in a stronger and more resilient position.

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Business and Investment opportunities are missed because of a lack of guidance and skills support	H	L	The provision of an economic recovery strategy will make the recovery aspirations for Newport more relevant to current demands and allow Service areas and external providers to ensure that skills and training opportunities are planned and delivered in a timely manner.	Acting Head of RIH
The Council is not able to support existing businesses as a result of the current and any future Covid 19 outbreaks	H	L	The actions and aims forming part of the recovery strategy are considered relevant and deliverable.	Acting Head of RIH
Changes in national policy, regional commitments or local demand affect our ability to support Newport businesses	M	L	The recovery strategy is based on current corporate, national and regional policies as well as reflecting emerging economic strategies. Should there be any fundamental change in policy, direction or trends, the strategy can be updated again.	Acting Head of RIH

Links to Council Policies and Priorities

The Covid-19 Economic Impact and Recovery Strategy reflects the Council's strategic policies, both for meeting education and skills needs and continued regeneration of the City Centre, as outlined in the Corporate Plan 2017-2022.

The strategy is consistent with the themes, objectives and priorities of the 'Newport City Council Well-being Plan 2018 – 2023' which are:

- people feel good about living, working, visiting and investing in Newport.
- people have skills and opportunities to find suitable work and generate sustainable economic growth.
- people and communities are friendly, confident and empowered to improve their well-being.
- Newport has healthy, safe and resilient environments.

By enabling Newport to continue being a competitive city.

Options Available and considered

1. To proceed with adopting the Covid-19 Economic Impact and Recovery Strategy as an addendum to the Economic Growth Strategy (as updated in February 2020) to ensure that we continue to support Newport's economy and identify where new opportunities may be found in order to shape the 'new normal' and continue to capitalise on opportunities for growth and investment until 2025.
2. To not adopt the Covid-19 Economic Impact and Recovery Strategy as an addendum to the Economic Growth Strategy (as updated in February 2020) and continue to implement the current Economic Growth Strategy until 2025.

Preferred Option and Why

Option 1 is preferred as this will ensure that we continue to support Newport's economy and identify where new opportunities may be found in order to shape the 'new normal' and continue to capitalise on opportunities for growth and investment until 2025.

Comments of Chief Financial Officer

The report explains what additional and strengthened focus will be given in order to support and develop businesses in and around Newport. No financial impacts are identified, as expected, given that detailed plans are not yet in place and the uncertainty, in this early period, of what funding and associated initiatives from both UK and Welsh Governments might be available.

This addendum strategy, like the 2020 updated core, will need to be funded from existing resources and any additional funding identified and agreed through the Councils normal budget procedures.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report or the proposed Economic Impact and Recovery Strategy. The Economic Growth Strategy provides a policy framework for the delivery of future economic growth in Newport and ensures that development priorities are aligned to the corporate objectives set out in the Corporate Plan and Well-Being Plan and that there is a transparent process for monitoring and evaluating outcomes. The original Strategy was updated and revised by Cabinet in February to reflect changes that had taken place since 2015, when the Strategy was first adopted. This

Impact and Recovery Strategy does not change any of the existing objectives and outcomes set out in the updated Policy Framework document and, therefore, does not require approval by full Council. It simply sets out particular economic regeneration measures that will need to be taken by the Council in the short, medium and longer term to respond to the impact of COVID-19 and relates these measures to the economic growth objectives set out in the existing Economic Growth Strategy.

Comments of Head of People and Business Change

The proposed Covid-19 Impact and Recovery Strategy sets out a range of economic regeneration measures based on the existing Economic Growth Strategy as a response to the health emergency and predicted recession. The strategy sets out a short, medium and longer term approach based on the Council's most effective economic and labour market interventions. These measures also correspond with the Council's agreed Well-being Objectives:

- To improve skills, educational outcomes and employment opportunities.
- To promote economic growth and regeneration whilst protecting the environment.

This strategy includes a detailed analysis of the economic impact, forecasts, emerging trends and outlines longer-term economic opportunities, skills development requirements and growth sectors, and reflects principles of sustainable development as set out in the Wellbeing of Future Generations Act 2015. This strategy should be considered alongside other key Covid-19 related documents including the Strategic Aims and forthcoming Community Impact Assessment.

Comments of Cabinet Member

The Leader as Cabinet Member for Investment and the Economy has approved the report for consideration by Cabinet.

Local issues

None

Scrutiny Committees

Under the Council's Constitution, powers have been delegated to Heads of Service and since the Covid 19 outbreak governance arrangements including the Council's Scrutiny Committees have been suspended. However, as the Council re-instates its democratic and governance functions, it is intended that the Council's Scrutiny Committees will be provided an opportunity to assess and review the contents of this report.

Equalities Impact Assessment and the Equalities Act 2010

The Equality Act 2010 contains a Public Sector Equality Duty which came into force on 06 April 2011. The Act identifies a number of 'protected characteristics', namely age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation; marriage and civil partnership. The new single duty aims to integrate consideration of equality and good relations into the regular business of public authorities. Compliance with the duty is a legal obligation and is intended to result in better informed decision-making and policy development and services that are more effective for users.

The decision recommended in this report will require officers with delegated responsibility to manage the delivery of the agreed aims and actions.

Children and Families (Wales) Measure

N/A.

Wellbeing of Future Generations (Wales) Act 2015

The proposals above are in line with the Well-being of Future Generations Act in that they seek to prevent further contraction in the economy in the short term where this could be averted but with a view to bringing benefits to the economy in the longer term through skills development and inward investment in potential growth sectors.

Newport's economic response to the pandemic will rely on partners collaborating to find the most innovative solutions and businesses will need to be involved in decisions that affect them through vehicles like the Newport BID, Newport Economic Network and the Destination Management Group. The response is in line with the Council's Well-being Objectives:

- To improve skills, educational outcomes and employment opportunities.
- To promote economic growth and regeneration while protecting the environment.

The recovery plan also integrates with interventions in Newport's Well-being Plan which can respond flexibly to changing circumstances. The strategy accords well with the five ways of working as set forth in the Wellbeing of Future Generations Act:

Crime and Disorder Act 1998

Section 17(1) of the Crime and Disorder Act 1998 imposes a duty on the Local Authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area.

Consultation

None.

Background Papers

Economic Growth Strategy adopted 2015 and refreshed in February 2020.



Economic Growth
Strategy_Final versic



EGS UPDATE 2020
-Final draft.pdf

Covid-19: Economic Impact and Recovery Strategy June 2020



EGS Recovery Paper
Final 2.2.docx

Dated: 16 June 2020