

Report to Scrutiny Commission

Economic Development, Transport and Tourism

Date of Commission meeting: 9th July 2020

Economic Recovery Plan

Report of the Director of Tourism, Culture and
Investment



Leicester
City Council

Useful Information:

- Ward(s) affected: All
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1. Summary

This report outlines the ongoing work to develop an initial economic recovery plan.

2. Recommendation to scrutiny

Scrutiny is asked to note the contents of this report, comment on the proposed approach and in particular the suggested objectives for the economic recovery plan. The plan remains a work in progress and was intended to be finalised before end July as a designed document.

The document was drafted before the most recent events which will obviously delay the effective re-opening of the Leicester economy. That may mean we need to review somewhat the plan as proposed but the bulk of the content below remains relevant.

3. Supporting Information**1. Background:**

The proposed approach is to create an initial, relatively high level economic recovery plan for the city that sets out immediate actions and objectives and establishes work streams that will inform a more strategic plan later in the year.

It won't be until that point that we will know more about the true impact of the pandemic, can assess the strength or otherwise of the first stage of recovery and can jointly agree with key partners what our longer term interventions need to be. A number of those are highly likely to be city / county strategies mediated through the LLEP and other agencies, especially on skills support. Much work is also being done around the country on economic recovery e.g. through the Local Government Agency (LGA). Proposals are emerging that the council may wish to align with so tracking and engaging with this wider work is an important focus for officers at this present time.

The first plan also shows how some of the recommendations of the scrutiny task force report will be picked up and addressed. However, that is at a high level and there will be a separate and more detailed response specifically to the recommendations of the report.

The initial plan is intended to be a document similar in style and size to the Transport Recovery Plan and the City Centre Re-opening plan. Both could reasonably be seen

in fact as the first steps of the first economic recovery plan and will be referenced as such within it. All three will look recognisably the same as a family.

The economic recovery plan will be prefaced by an introduction, political messages and some context about our economy, including factual data that illustrates our particular challenges and strengths. A selection of this data is included below.

The political message from the City Mayor will include a call on government for further support and stress the need for additional resources and powers for the council and local partners to address the challenges. The second plan will set that out in much more detail.

The resource required to deliver the initial plan as drafted is still being assessed. It may require some additional resource but the bulk of what is intended draws on existing resources, capacity and planned investment. It is recognised that other strategic interventions, that will be worked up for the second plan will require significant additional resources, especially from central government.

The plan will highlight both the extent of the challenge but also draw attention to activities and investment plans from the council and others that will assist recovery. Though we don't yet know what customer behaviour will be in the coming months, an obvious objective of the initial plan will be to encourage those who can to spend and to do so locally, to support local businesses and to develop economic momentum. Creating a sense of confidence and safety in the public realm and in our shops and businesses will be critical.

Similarly, an objective of the plan will be to encourage businesses to carry on with investment plans rather than pause. Stressing that the city is still open for business, remains a good place to do business and to invest is an important first strand of recovery. The plan will therefore include quotes, case studies and examples of where this is and will be happening and the plan will be accompanied by a communications plan that reinforces those core messages throughout the summer and autumn.

2. The Leicester Economy and Key Challenges

Though there is a great deal of uncertainty as to how long it will last, there is a virtually unanimous view that we are headed for a steep recession. A no-deal Brexit also looks increasingly likely, though that is receiving relatively little attention. Doubtless that will exacerbate problems in ways that aren't properly appreciated yet.

However, there is also evidence that pandemic impacts will be very uneven across the country and some analysis suggests that Leicester will prove comparatively resilient. Our diverse economy is a continued strength. We have relatively few very large employers announcing large scale redundancies (e.g. Rolls Royce redundancies and the affect this will have on Derby's economy).

There is no particular geography to those likely to be most or least affected though what is highly relevant is the relative concentration of employment in sectors that are particularly exposed. For the city, only 27% of jobs are in particularly exposed sectors such as tourism, retail, hospitality and accommodation, aviation and automotive.

Some other sectors and in particular logistics have been booming and the city and county are well placed geographically to take advantage of the shift to online shopping / home delivery. East Midlands airport has sustained 60% of flights throughout and is one of the top 10 busiest in Europe due to the scale of the freight operations.

The city also enjoys a strong investment pipeline which is holding up well. Examples include the Gresham scheme in the ex-Fenwick building, the new Leicester Tigers Hotel scheme at Granby Halls, DOCK 2, investment in the Space Park, continued investment at Waterside for office and residential and at Freemans Common by Leicester University. All will help to maintain momentum over the next 12-18 months. The council's own capital programme investment is also economically significant, including new transport initiatives, Connecting Leicester, new house building etc.

Notwithstanding these positives we will not escape the coming recession and it is already impacting. We now know that more than 42,000 city jobs are being directly supported by the government's Job Retention Scheme whilst a further 8,500 are being supported by the Self Employment Income Support scheme. This represents a huge proportion of the city's circa 170,000 workforce and the danger is that many of the JRS furloughed staff may not be re-engaged by their employers.

Notwithstanding the JRS / SEIS we have already seen the sharpest spike in unemployment on record. In the city, claimants have grown from 8,075 in March to 16,500 in May an increase of 104%. The claimant rate at 7% is now higher than at the height of the 2008/09 financial crisis and the largest at any time since 1996. In the county area, numbers have grown even faster by 160%.

There is considerable evidence that suggests the impacts of the recession will fall particularly on young people, female workers and the low paid / least skilled. Recessions invariably worsen existing structural inequalities so our most disadvantaged communities are at greatest risk including BAME communities, people with disabilities, care leavers, etc. Apprenticeship recruitment has fallen dramatically.

In Leicester we are a relatively low wage, still disproportionately a 'cash' economy at the lower end of the labour market and have a significant number of workers without any formal qualifications (at almost 20% this is double the national average). Those with least qualifications will be competing in an overcrowded labour market against many better qualified workers having to find new work, change careers, etc. Support for the most vulnerable will be a particular challenge.

Our universities have been and remain drivers of economic growth in the city but in the short term they and FE institutions face huge financial pressures. It is anticipated that international student numbers in particular may reduce significantly, at least in the short term.

The final version of the plan will select statistics to illustrate the above.

3. Proposed Objectives

3.1 Support **businesses to re-open from lockdown **safely****

- Will reference substantive work on the 'Re-opening Plan'
- Note complementary work from others BID / Chamber etc providing support and guidance
- Invite contact

3.2 Support residents and workers to **move safely** across the city and **develop their confidence** in using workplaces, shops and public spaces

- Reference actions in the recovery plan and the transport plan, particularly around social distancing, queuing, hygiene etc
- Create a comms campaign and an animation campaign that welcomes people back to the city centre and neighbourhoods

3.3. **Refocus resources to support individuals and communities most affected** by economic pressures including those low paid and insecure as well as those who are unemployed and seeking work

- Notes some initial responses including the work of the Employment Hub, creating 'virtual jobs fairs', new redundancy and recruitment service with Futures and DWP, support available via LASALS for 1 to 1 video conferencing and careers advice etc
- Note forthcoming work around construction skills (Ashton Green / Beaumont Leys) / bespoke retail recruitment (Fosse Park), textiles training (Spinney Hills), neighbourhood retail area improvement, etc
- Reference social value / procurement / living wage commitments
- Commit to use the 'Framework for Inclusive Growth' to assess and report on our economic interventions as recommended by EDTT scrutiny report
- This objective sets up a significant work strand that needs to explore how other council services can support, but needs to engage with external partners including VCS
- Youth unemployment likely to be a particular focus but also other groups (care leavers, homeless, insecure employed etc)
- Outcomes would be new, stronger partnerships / specific project proposals and calls for resource

3.4 Develop **new initiatives to support re-skilling** for people impacted by covid and needing to re-train.

- Further key strand of work. Likely to be linked to new national initiatives that focus on skills and how to support people into jobs. Will pick up on Task Force report for one to one mentoring, individualised support and priority of digital skills
- Reference key partnership and role of the LLEP skills advisory panel to develop effective responses. they will lead this work on

a sub regional basis and with other partners

- Reference ESIF funds / potential UK Prosperity Funds etc. The significant underspend in the national ESF allocation (£200m) is an obvious target if an effective intervention can be developed and match funding found.
- Outcomes would be partnerships / new project proposals and calls for resource. Likely, as now, to be developed as a sub-regional response

3.5 Enable effective **advice** and maximise take up of the **financial support** available to local businesses

- Detail the work already being done re grants and outcomes / quotes. More than 90% of business grants paid out under the gov'ts initial two schemes, totally more than £70m.
- Detail the systems for co-ordinating support and advice to businesses through the growth hub, the extent of take up and how services have responded (webinars etc)
- Note the challenge for key sectors e.g. Tourism and Retail, Entertainment.
- Note how providing clear guidance on re-opening (reference relevant standards being developed, case study examples etc)
- Note relevance of five central gov't taskforces
- Likely, as now to be developed as a sub-regional response

3.6 Devise **new interventions for sectors** in the city economy that are **particularly vulnerable** and / or that have missed out

- Needs work but may include parts of manufacturing ineligible for grants to date, and other vulnerable sectors
- Extent of intervention directly related to what resource we can find – including case for retaining unspent business grant monies. Could include financial assistance to cover COVID related costs, advice to boost productivity, skills support etc
- A substantive work strand with partners, intended to result in a series of calls for action and resource to gov't / LLEP etc as part of the later strategy
- Also likely as part of a sub regional response but with a city focus. Each District authority has managed grants to date and is responsible for designing 'discretionary' support with the latest gov't resource (£3.5m in the city)

3.6 Together with key stakeholders in the public and private sector, **accelerate investment in new capital projects** to regain economic momentum and build investor confidence

- Draw attention to the pipeline of investment in residential

accommodation / new hotels / leisure facilities / Connecting Leicester and other council capital programme projects etc

- Quotes from some key investors / developers confirming faith in future of city economy
- Reference what the Universities are doing (e.g. Space Park / Freeman's Common etc). Hospitals investment programme etc

3.7 Accelerate plans to **attract new inward investors** to the city and **develop a communications plan** to showcase other investment already underway or in the pipeline

- Detail the new Inward Investment website and marketing collateral that will shortly be launched and new services to promote business tourism
- Confirm some recent successes despite COVID
- Noting progress / take up of our professional 'linked-in' comms
- Quotes from key property agents and investors

3.8 Working with partners including the Universities, the business community, community organisations and residents, **explore and encourage new ways of working** and new ideas that can assist economic recovery, particularly those that also support **climate emergency priorities, anti poverty initiatives** and **local purchasing**

- DMU has done a lot on this already
- Could be a very public programme with other stakeholders
- Needs resource to facilitate and support engagement and comms
- Opportunities to cross reference and re-inforce climate emergency and smart city actions including digital engagement
- Cross references also to work around social value, procurement
- Initiatives to source and supply local, buy local, deliver local, etc
- Initiatives with businesses to include emphasis on investing in people, encouraging staff development and higher productivity

3.9 **Invest in visitor economy attractions**, take advantage of opportunities created by predicted growth in UK 'staycation' holidays

- Note planned investments in Jewry Wall / New Walk Museum etc that will improve our offer to visitors
- Note plans for roll out of 'Uncover the Story' tourism campaign
- Cross reference actions in the new City Tourism action plan including skills interventions

3.10 Support **cultural interventions** that reinforce Leicester's unique stories

and communities

- Reinforce importance of the cultural sector and what it contributes to make the city unique. Note the challenges and the need for further support from gov't
- Note new ways of working and shift to on-line content / support from some of our key cultural organisations
- Reference forthcoming augmented reality project at Green Dragon Square, new heritage panels, new community gallery
- Commission creative organisations to respond to the current COVID crisis with new content to capture the experience of city communities, particularly those most effected (requires resource)

3.11 Report regularly on city economic performance and create an **ongoing dialogue** with businesses, key stakeholders and investors to help shape these plans and who we will talk to

- Note regular reporting on the state of the city economy
- Noting who we will talk to and how regularly, working with partners etc
- Referencing other relevant plans and partners (LLEP / Midlands Engine / Visit Britain / LGA, etc)

3.12 Prepare a further economic recovery plan by November 2020 at the latest, which reviews progress and proposes initiatives to support

- a. city centre recovery, including plans to grow the city centre residential population and respond to new ways of working
- b. greater space for pedestrians and cyclists and to help people access work opportunities
- c. vulnerable sectors struggling to re-open
- d. people out of work to gain new skills and secure employment

4. Financial, legal and other implications

4.1 Financial implications

tbc

4.2 Legal implications

tbc

4.3. Climate Change implications

tbc

4.4 Equality Implications

tbc

4.5 Other Implications

none

5. Background information and other papers:

6. Summary of appendices:

None

7. Is this a private report?

N/A