



16 July 2020

Agenda Item: 8

REPORT OF THE CORPORATE DIRECTOR, PLACE

NOTTINGHAMSHIRE COVID-19 ECONOMIC RECOVERY FRAMEWORK

Purpose of the Report

1. To provide Members with an overview of the impact of the COVID-19 crisis and to help develop focus areas for further investigation by seeking approval to:
 - a. Progress the Council's COVID-19 Economic Recovery Plan
 - b. Endorse project proposals

Information

2. The Council Plan is ambitious because we want the best for Nottinghamshire. The plan is about the place in which people live and work, Your Nottinghamshire, Your Future.
3. 30 June 2020 marked 100 days since lockdown began. To maintain progress towards the ambitions set out in the Council Plan, the Council has been exploring best practice from elsewhere, using available data to understand current and future challenges our businesses and residents might face, and how Government policy is currently responding to that. Whilst there has been some easing of restrictions, we anticipate challenging times ahead for businesses and our economy, especially as the Job Retention Scheme draws to a close in the autumn. Whilst we know there remain many challenges, we also want to capitalise on the many opportunities.
4. The Council wants to support a productive economy where residents prosper, and everyone can reach their full potential. This has never been more relevant since the impact of COVID-19. The proposed approach contained within this report is ambitious in looking holistically to plan for growth through renewing and reconnecting Nottinghamshire's natural, built and socio-economic environments.
5. As with many measures, there is a lag between when the input data is gathered and the final figure is calculated, meaning access to real-time information on the economy can be problematic. The full impact of the economic challenges ahead will become clearer as data emerges. What is clear, as evidenced in the Derby, Derbyshire, Nottingham and Nottinghamshire Local Enterprise Partnership (D2N2 LEP) Economic Recovery Report for June 2020, is that the short-term impact of the COVID-19 crisis is likely to be significant, with people and places with the lowest incomes, women and young people, being the most impacted. The D2N2 LEP's report is available online at: <http://www.d2n2lep.org/News/d2n2-economic-recovery-report-june-2020>

6. For now, we know across Nottinghamshire:

- That gross value added (GVA), the measurement of profits and wages in Nottinghamshire-based businesses and Nottinghamshire's employees i.e. the difference between the price paid for a good or service and the cost of inputs used in its production, is -5.0% in Nottinghamshire compared to -4.9% in England
- Every part of Nottinghamshire will contract more than the national average
- 33,000 people have been furloughed, representing 15% of the workforce, versus an England rate of 21.14%
- A minimum of 66,000 jobs in Nottinghamshire are rated as high risk i.e. not a keyworker and not in a job that is suitable for remote working
- Nottinghamshire has a notably lower highly skilled workforce (NVQ4+) than England, which may affect the resilience of the economy and of employment in the region
- The County's age profile indicates a more elderly population than the England average; this could act as an indicator on the ability to drive growth to areas more readily available working age group
- Without intervention, sluggish growth or retraction of major sectors such as Manufacturing, Education and Wholesale/Retail trades will bear the brunt of the economic impact in absolute terms in the locality
- Hospitality, travel and retail sectors are likely to require most intervention, with accommodation and food services expected to be the hardest hit, and employment structures in these sectors contributing further to the decline

7. Of concern is the expectation that there will be a burgeoning youth unemployment issue. Local Department for Work and Pensions (DWP) colleagues are forecasting only 2% of school leavers in the current cohort are expected to find employment. Overall unemployment levels in the D2N2 footprint, are expected to rise from 4% to 11%. This is higher than the national average. Nottinghamshire unemployment is expected to rise from 3.5% (December 2019) to 10% with levels in Broxtowe, Gedling, Mansfield and Newark & Sherwood projected to be over 10%.

8. In terms of sectoral impacts, scenario forecasting suggests that there will be significant business failure in the short and medium term particularly in: manufacturing, wholesale & retail, education and construction. Further, the impact on those sectors where lockdown has been applied for the longest, are facing huge difficulties in re-opening safely whilst maintaining financial viability. Principally businesses in the hospitality and visitor economy sectors.

9. There are however, opportunities for: new business models, new markets, online services, innovation and diversification to support recovery, as well as the use of new technology. To be successful, the Council will need to take a multi-faceted approach which takes account of geographical differences and economic structures that make distinct parts of Nottinghamshire vulnerable to different effects of the crisis. Specifically, in terms of stakeholder interventions, funding and targeted specialised support for mental health and wellbeing to innovate and expand digital and physical outreach.

Proposed Approach to the production of the Council's COVID-19 Economic Recovery Plan

10. This is undoubtedly a period in our lives when we will have to live alongside the virus for the foreseeable future and one in which we need to support the local economy to build back better,

greener and more productively, with a specific focus on unlocking previously untapped potential. There are high growth sectors in the medium term that if nurtured will drive both employment and sector Gross Value Added (GVA) increase. Local business resilience has been historically high, this points to an enterprise landscape that is connected and where innovation is fostered.

11. In order to help build a more balanced and resilient innovation led economy in the wake of COVID-19, we need to make several changes to how innovation is cultivated and what we fund (and ask to be funded). It is proposed that the Council adopts the following five phases of recovery over the next one to five years:

Phase		
1	Response	Supporting businesses to rebound by working with partners and central Government to mitigate the impact of the crisis. Signposting to the Growth Hub, enhancing the business support offer with dedicated Nottinghamshire business advisers and shaping support programmes
2	Recovery	With our strategic partners, implement people-centred measures to promote sustainable growth, integrating the green transition, digital transformation and drawing upon on lessons learned from the crisis
3	Restore	Direct activities and interventions towards levelling up parts of the county and building productivity and resilience of key parts of the economy
4	Resilience	Strengthen business resilience to be able to mitigate the impact of any future crisis or external change to enable planned, agile and innovative responses
5	Renewal	Shape and create opportunities for longer term economic transformation through capital investment, connectivity and infrastructure, innovation and the creation of a responsive, skilled workforce

12. To have the best impact and ensure value for money, all activities will require targeting. As illustrated at **Appendix B**, the five themes of People, Business, Place, Infrastructure, and the Visitor Economy are proposed to form the main body of Council's Economic Recovery Plan.

Theme		
1	People	Employment and Skills focusing on closing the skills gap, optimising employment opportunities and creating a productive economy, with an immediate focus on youth unemployment
2	Business	Working with the D2N2 Growth Hub and Nottinghamshire businesses advisors, to focus on: information, advice, grants and investment. Linked to Invest in Nottinghamshire and opportunities to attract inward investment and reshoring to the county i.e. transferring a business operation that was moved overseas, back to the area which it was originally located
3	Place	Collaborating with partners to support recovery, well-being and an improved quality of life in our town centres as revitalised and repurposed places to do business, live, learn and visit
4	Infrastructure	Boost the Council's major investment plans to realise new local jobs through our commissioned services and Council-owned businesses, as well as strategic projects such as the Development Corporation, High Speed 2 (HS2), broadband and transport investment along major corridors of strategic growth.

5	Visitor Economy	Develop a sustainable tourism product for unlocking growth in the County: skills, transport, digital infrastructure and business support, and (where appropriate) within a wider East Midlands brand. As well as invest in the infrastructure of our 'hubs' to ensure they can manage additional numbers, and to demonstrate to potential visitors that they are viable alternatives to other destinations
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13. Subject to support for this approach, a full plan with specific deliverables will be developed for Members further consideration.

Longer term planning

14. One of our aims, as we invest in a better future for Nottinghamshire, is to create a sustainable, high growth and high value 21st century County. This means that in addition to taking short term action for recovery and restoration of the economy, we must also invest in longer-term schemes, that are essential to growth and future-proof the county for the next generation. Several schemes are in development including:

- The development and delivery of a **locally led development corporation**. Through the Midlands Engine, partners in the region, led by the County Council have submitted to Government a Summary Business Case to create the first new form of development corporation of its kind in the East Midlands. The new entity would drive delivery of transformative investments covering the sites of Toton, Chetwynd Barracks, the area around the East Midlands Airport and the power station at Ratcliffe on Soar. This is a once-in-a-generation opportunity to transform the region's economy would see new models for living and working, for making and for moving that would generate over 84,000 jobs in the region's economy, boosting GVA growth by £4.8bn.
- Working with East Midlands Airport support the creation of a '**freeport**' status to create hotbeds for innovation while also promoting regeneration job opportunities on the Ratcliffe on Soar site in Nottinghamshire.
- Prioritising **investment in infrastructure** which reflect the importance of Nottinghamshire to the national network and support corridor approaches. A range of schemes are in the pipeline or under consideration by Government including:
 - A46 Newark Northern Bypass, an essential upgrade to remove a major bottleneck and support housing and employment sites as a key investment in the Trans-Midlands Trade Corridor in partnership with Midlands Connect.
 - A614 Ollerton to Lowdham improvements
 - Proposals to upgrade the A1 to motorway standard through the East Midlands unlocking significant potential for employment and housing development as well as addressing congestion, highway safety and network resilience.
 - Proposals to improve the A38, the A52, the A612 and a range of other Major Road Network investments to unlock housing and employment land.
- Making improvements to existing **rail infrastructure**, for example electrification to support and underpin the case for an East Midlands section of High Speed 2 (HS2) as well as proposals to bring back rail links across the County.

- Engagement with partners around the County and neighbouring areas being one of the Government's new **Tourism Zones** following the announcement in June 2019 of a Tourism Sector deal to boost tourism across the East Midlands

Immediate responses and leading recovery

15. The Prime Minister's 30 June speech outlined a package of measures to drive economic recovery, get Britain building again, and start an infrastructure revolution. Local Leaders are being provided new freedoms and funding to get building now and drive forward recovery at the local level.
16. To help meet the immediate challenges we are facing, actions to provide stimulus to the local economy to ensure a quick return to a healthy economic situation include: housing, employment and supporting skills investment, innovation, digital infrastructure and accelerating our low carbon ambitions.

Projects that can deliver quickly

17. On 10 June 2020, Rt Hon Robert Jenrick MP wrote to the Council about central Government funding for projects of significant importance that can deliver quickly. At very short notice, 'shovel-ready' bids were submitted to the D2N2 LEP for consideration for funding. 37 bids were received by the LEP by 16 June.
18. The scoring methodology considered the Government's criteria, deliverability and ability to release immediate economic potential. In addition, value for money (cost per outcome), any external risks to the timescales, additionality and local contributions were factored in.
19. In total, 18 projects valued at >£91M and which met the minimum criteria, were recommended to Government. All four of the Council's bids were shortlisted and submitted to Government on 18 June, as illustrated in the table which follows. **Appendix A** contains the details.

Four Council bids submitted to MLCG			
Project Name	Funding request	Council Match Funding Offered	Other Match Offered
Full Fibre Broadband: Nottinghamshire	£2M	£600K	£720,000 Building Digital UK (BDUK) + £1,000,000 European Agricultural Fund for Rural Development (EAFRD)
5G Innovation Centre: Turbine Centre, Worksop	£597K	N/A	£400K DCMS
Zero Carbon Regional Demonstrator: Top Wighay	£5.95M	£10M	
Lindhurst Berry Hill, Mansfield Infrastructure	£3M	N/A	£300K Lindhurst
TOTAL ASK	£11.5M		

20. A further two bids from District Councils in Nottinghamshire were shortlisted from the four they submitted (in Newark and Worksop).
21. On 2 July, Simon Clarke MP, Minister for Regional Growth and Local Government wrote to the Interim Chair of D2N2 LEP confirming the allocation to D2N2 from the £900M Getting Building Fund announced by the Prime Minister on 30 June. Up to £44.4M, the fifth highest allocation has been allocated to the area towards infrastructure schemes that can be underway within 18 months to get the local economy moving again. Whilst clearly not the full amount, it is still a good outcome for the region and represents a significant allocation based on historic figures and will contribute towards the longer-term levelling up of investment in our region.
22. Next steps include feedback on individual projects and a steer on the key criteria Government are looking to prioritise. This will lead to a process of refinement of the long list against the funding envelopment. If bids are successful at this next stage, the potential spend across Nottinghamshire could be £24,047,000.

Digital infrastructure

23. For the past nine years, Nottinghamshire has been able to lay claim of maintaining the East Midlands vanguard position of the percentage of full and partial fibre-based broadband availability. Currently, 98.2% of residential and business premises can access speeds greater than 30 megabits per second (30Mbps). In November 2018, in supporting our ambitions for growth, Nottinghamshire was selected as the first county to be part of Openreach's Fibre roll out. 12.55% of Nottinghamshire now has access to Gigabit speeds (1000Mbps). We are aiming to go well beyond this as we continue to build on these strong foundations having received cross party support for our approach to digitally enabled transformation by the Council's Improvement and Change Sub-Committee.
24. In the Autumn Statement 2016, the Government announced its intention to invest in a nationally coordinated programme of 5G testbed facilities and trials, as part of over £1bn of funding announced to boost the UK's digital infrastructure. Ever since, we have been exploring how the Council can create an environment that encourages private sector innovations that facilitate testing and integration of connected and autonomous vehicles on highways and within other strategically important activities, such as the visitor economy.
25. As part of these Government trials, in February 2020 we announced how Sherwood Forest Country Park is set to be the world's first 5G 'Connected Forest'. Part funded by Government, and partly by a consortium led by Nottinghamshire County Council, the project aims to combine 5G technology, robotics, drones, and the beauty of the natural world all into one exciting package, generating jobs and value to the local economy.
26. In its response to the climate challenge and the transition to a future economy, the Council has been acting and exploring initiatives that will revolutionise the role that cars play in the County drawing on new digital technologies. To that end, a project has been developed - 5G and Connected & Autonomous Vehicles at Summit Park, Ashfield. This project was not eligible for the Ministry of Housing, Communities and Local Government (MHCLG) funding referred to above, but subject to Committee approval, can be submitted for Government money through a separate funding opportunity launched, that closes later this month.

Business case preparation

27. In order to ensure that all the projects described above are 'shovel ready', subject to this Committee's approval, it is recommended that Council prepares the bids to full business case status. This will ensure that if our projects are shortlisted, they will be ready to deliver, and if unsuccessful, then they will remain in the pipeline in anticipation of further funding opportunities.
28. This preparation will secure the technical expertise, as set out below:
- a) MHCLG Accelerated Project Proposals
- Lindhurst and Top Wighay: full business case support is underway with pre-procured specialist and fully funded via the existing Invest in Nottinghamshire budget (in the region of £10,000 apiece)
 - Full Fibre: full business case principally developed in-house, apart from £5,000 for an independent value for money assessment
 - 5G Turbine: Seeking £15,000 towards the appointment of a telecom's specialist analyst
- b) 5G and Connected & Autonomous Vehicles at Summit Park, Ashfield
Anticipated cost of £25,000 to secure a telecoms specialist analyst

Graduate placement from one of our local Universities

29. Building on the rapidly developing first Universities for Nottingham Civic Agreement, we have an opportunity to support the development of future graduates over the summer. We propose to bring in at least one student to provide employment opportunities and support graduate retention in the region. Subject to further negotiation in the Civic Agreement, we expect costs to not exceed £3,000.

Support workers, especially unemployed and furloughed, with skills for new jobs

30. The increase in unemployment and furloughed workers has negative impacts on the economy and on personal health and wellbeing. There is an urgent need to provide skills, training and entrepreneurial support to prepare workers for jobs in recovery. We are working with our contacts in Further Education colleagues, Universities and other training programmes to support online learning. We intend to make the most of Government's Skills Toolkit which is a collection of training resources to help people use their lockdown time to gain new skills for when more businesses reopen. Available online at: <https://theskillstoolkit.campaign.gov.uk/>
31. The Skills Toolkit, which includes courses from The Open University, FutureLearn, Google, and digital inclusion charity the Good Things Foundation, provides a foundation for building up a more tailored and localised skills programme based on employer needs and the existing local further and higher education offer. It is proposed that a Nottinghamshire Employment and Skills Portal is explored, being hosted in a similar way to the Nottinghamshire Coronavirus Community Support Hub. Available online at: <https://www.nottinghamshire.gov.uk/care/coronavirus/nottinghamshire-coronavirus-community-support-hub>

32. This would bring together existing offers under one entry point to support jobseekers and people in work, providing help and signposting to one-to-one support and advice. Our Portal, as part of the ongoing development of the MyNotts App, would provide access to employment services, skills development and Government guidance around what to do if your job has been affected by the recent pandemic. It is envisaged that the costs of a Portal are likely to be modest (internal charges and launch costs).
33. In considering the Portal's design, there will be an opportunity to seek user feedback and review the services available as part of the customer journey. Gaps in provision will be assessed to enable a Phase two proposition in the form of an Employment and Skills Brokerage function. Essentially matching people's skills and experience to vacancies, thereby acting as a bridge to support unemployed individuals into sustained employment by working closely with them and employers.
34. The Council is also working with the DWP and other partners to assess all strategic and operational interventions. DWP's focus is on youth unemployment, those who are furthest from the labour market, those with long term health conditions and ex-offenders. Effective joint working will better address the needs of the newly unemployed and long-term unemployed with specific reference to cohorts such as young people or geographies that may be disproportionality affected.
35. Subject to Committee approval to explore this opportunity, the cost of the Employment and Skills Brokerage will require more scoping based on a review of: emerging scale of need, best practice and operating models. Further information on what the Brokerage may look like, will come out in the Council's COVID-19 Economic Recovery Plan.

Other Options Considered

36. The proposed approach to recovery will sit alongside and complement plans being produced by the Local Resilience Forum's Economy Cell (which has Nottinghamshire local authority representation), and the D2N2 LEP. It is an essential component of the Council's contribution to drive economic recovery and growth and seeks to focus resources effectively and align emerging national and regional economic responses including the review of the D2N2 Local Industrial Strategy. The Employment and Skills proposals are aligned with DWP priorities.

Reason for Recommendation

37. To secure member support for the overall direction of travel in light of the impacts of the COVID-19 pandemic on the local economy. Ensuring our project proposals are professionally developed will significantly improve the likelihood of the Council being successful in its requests to Government and other funders.
38. An Economic Recovery Plan is needed to articulate the Council's desire and priority attributed to Nottinghamshire's economic recovery.

Statutory and Policy Implications

39. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty,

safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

40. It is envisaged that £48,000 to support preparations for full business cases for the accelerated projects and expenses for the proposed graduate, along with the plans for developing and launching a skills portal (which are not expected to exceed £1,500), can be met from the existing Growth and Economic Development Initiatives Budget. Funding will be allocated under officer delegations from existing budgets where possible.

RECOMMENDATIONS

It is recommended that Resilience, Recovery and Renewal Committee:

- 1) Approve the approach to the Council's COVID-19 Economic Recovery Plan and receive a further report to consider the final plan
- 2) Endorse the submissions of the four accelerated project proposals and the proposed 5G project and associated development of the bids to full business case status

Adrian Smith
Corporate Director, Place

For any enquiries about this report please contact: Nicola M^cCoy-Brown, Growth and Economic Development ext. 72580

Constitutional Comments [HD 06/07/2020]

41. The proposals within the report fall within the Committee terms of reference.

Financial Comments [RWK 02/07/20]

42. The report proposes expenditure of up to £49,500 to support preparations for full business cases for the accelerated projects, the expenses for the proposed graduate, and plans for developing and launching a skills portal. These costs can be met from the existing Growth and Economic Development Initiatives Budget for which a sum of £515,036 is included in the Council's 2020/21 revenue budget.

43. The report also proposes that several accelerated project proposals are submitted. Some of these projects will require match funding contributions by the County Council which it is intended will be met from existing allocations in the Council's capital programme. Further reports will be presented to committee presenting detailed financial implications for any successful schemes before their implementation.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Council Plan (2017-2021) available online at: <https://www.nottinghamshire.gov.uk/council-and-democracy/plans-policies-assessments/council-plans-policies/council-plan>
- *An Update on The Cross Council Digital Programme – Improving Customer Experience Through Digital Developments*, Report to Improvement and Change Sub Committee, published 23 September 2019

Electoral Division(s) and Member(s) Affected

- All