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Shropshire’s economic recovery, transformation and resilience framework.

Responsible Officer

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1.0 Summary

- 1.1. This report provides members with an overview of plans to develop an economic recovery, transformation and resilience framework for Shropshire, as a key part of the Council’s response to the Covid-19 crisis. The framework will set out a clear and detailed narrative on how Shropshire is well-placed to support and grow its natural assets and businesses, in order to refocus economic growth over the next few years. The framework will essentially support the development of a new economic growth plan to be directed at government, businesses and investors with the aim of setting out Shropshire’s growth opportunities and how to maximise these to create new jobs, employment opportunities to benefit residents and businesses of Shropshire.
- 1.2. This report details some of the key/headline emerging issues affecting Shropshire’s economy as a result of the Covid-19 pandemic and associated national lockdown and restrictions.
- 1.3. This report provides a snapshot of the current economic profile for Shropshire and the data, intelligence and evidence informing and driving key strategic decision making whilst creating offers and asks for Shropshire.
- 1.4. This report summarises the key practical measures and immediate responses and interventions Shropshire Council put in place to restart the economy and support the economic challenges facing businesses, high streets and communities. It then goes on to detail some of the more planned medium to longer-term strategic interventions needed to revitalise and grow the economy of Shropshire.

- 1.5. This report highlights the work being undertaken through the Economic Task Force for Shropshire with the business community, key partners and stakeholders to address the priorities and issues facing Shropshire's economy.
- 1.6. This report underpins the key themes for building the framework for Shropshire's future economy and growth plan - with resilience, recovery and growth being key.

2.0 Recommendations

- 2.1. The Cabinet support the principles of setting out an economic recovery, transformation and resilience framework and that the Executive Director of Place in consultation with the Portfolio for assets, economic growth and regeneration develops the framework. This will inform a new economic growth plan and strategy refresh for Shropshire, which will be brought back to cabinet for consideration in 2021.

REPORT

3.0 Risk Assessment and Opportunities Appraisal

- 3.1. We have ensured that Government guidance has always been followed and adhered to in the administration of local guidance and signposting with the primary objective being to support public health.
- 3.2. We have been working with many partners to effectively address the socio-economic Covid-19 risk and impacts i.e. public and mental health, unemployment, redundancies, business closures, home working, self-isolation, staff redeployment. The majority of this report is focused on managing the risks associated with Covid-19 impacts to our business and economic community.
- 3.3. As part of the development of the framework a high level Equality and Social Inclusion Impact Assessment (ESIIA) has been undertaken.

4.0 Financial Implications

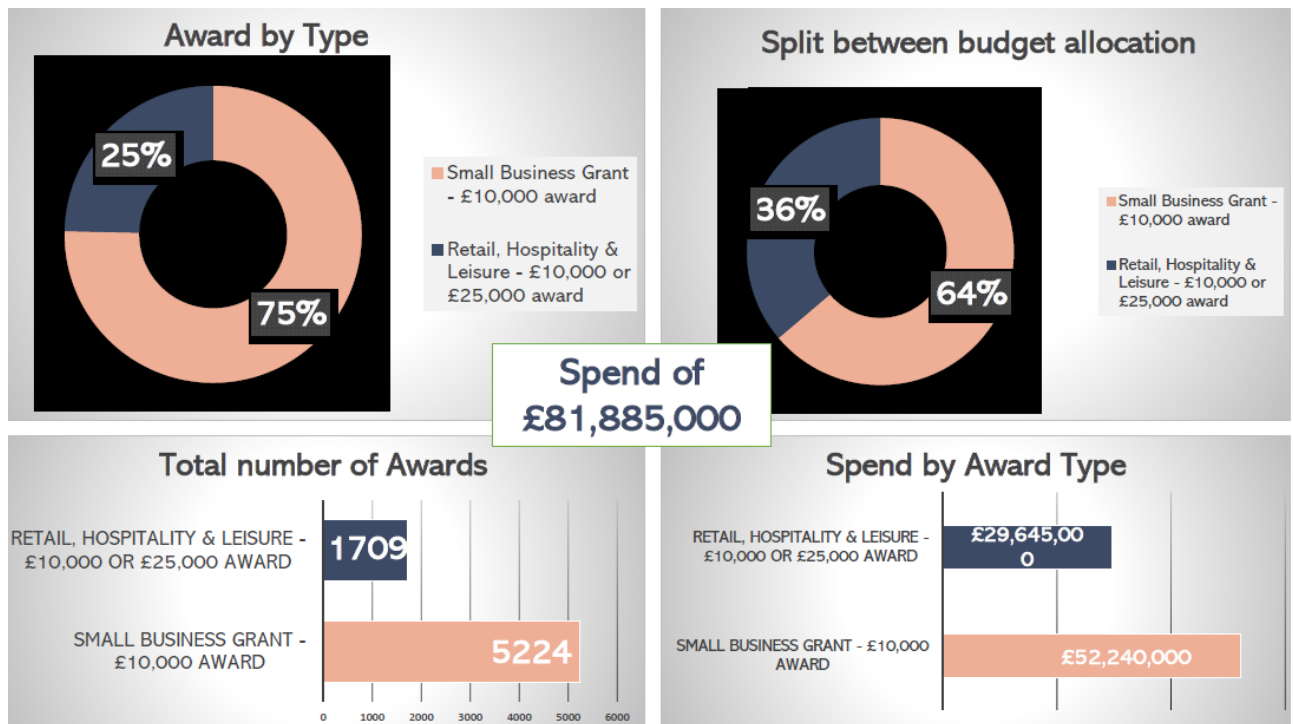
- 4.1 Covid-19 would have had a significant impact on the Council's finances in 20/21 had it not been for the support given by Central Government to the Authority. Shropshire has also benefited from grant support for businesses (which have been provided through the Council and is set out in this report) and the job support (furlough) scheme. Though there are no direct financial implications as a result of this report, the unknown further impacts of the pandemic, and the speed of the economic recovery are likely to have on-going implications for the Council, which though they are yet unquantifiable should be taken into account when considering this report.
- 4.2 Central Government provided all Local Authorities with grant funding to support businesses during the national mandated lockdown. The financial packages available were provided from central sources rather than sources at the

discretion of the Council and without such the Council would have been unable to support local businesses at the scale that has been required.

4.3. Central Government grant support to businesses included **Small Business Grants (SBG)** and **Retail and Hospitality Grants (RHL)**. The SBG provided up to £10,000¹ as a one-off grant to help small business owners manage their operating costs throughout the lockdown period. The RHL provided a one-off cash grant up to £25,000² to support those eligible businesses in the retail and, hospitality and leisure sector with their business costs during coronavirus.

Below gives a summary of the funding awarded between March – June 2020.

- 7,835 total number of grants awarded
- £91,670,000 overall budget – Central Govt funded
- 89.3% amount of funding paid out by Shropshire Council
- £9,785,000 amount of funding to be returned to Central Govt



Extended (Discretionary) Grant – also referred to as the top up grant which was aimed at small and micro businesses who were not eligible and unable to access the SBG and RHL grant funding. In total through this grant we supported:

¹ Based on receipt of small business rate relief (SBRR)

² Based on rateable value and Eligibility for the Expanded Retail Discount

- 883 businesses and 17 town areas = 900 total number of grants awarded
- £5,320,500 overall budget – Central Govt funded allocated 5% top up + LEP allocation
- 99.6% amount of funding paid out via B&I team
- £21,500 amount of funding to be returned to Central Govt

The Small Business Grant Fund, the Retail, Hospitality and Leisure Grants and Local Authority Extended Discretionary Grants which ran through the initial lockdown period have now closed.

4.4. The Marches LEP **Marches Investment Fund (MIF) Scheme**

Discretionary Scheme which ran alongside the main Government grants to support the business enabling sector (financial services, creative industries, consultants) who were not eligible for the Extended Discretionary Grant. This scheme provided £737,000 of funding (business case co-written with Shropshire Business Board) of which £570,000 was used to support shops and businesses directly.

In summary:

- 94 Shropshire businesses supported: 74 businesses received £5,000 and 20 businesses received £10,000

Market Town Place Marketing Scheme provided the remaining £167,000³ to support help Shropshire's market towns impacted by both flooding and coronavirus to attract and encourage visitors back into the towns particularly as the initial lockdown restrictions were eased.

In summary:

- 16 towns were supported across the County these were, Shrewsbury, Bridgnorth, Ludlow, Oswestry, Market Drayton, Whitchurch, Shifnal, Ellesmere, Church Stretton, Much Wenlock, Wem, Cleobury Mortimer, Broseley, Bishops Castle, Clun and Craven Arms.

4.5. The Marches LEP has been allocated £630,000 of **Marches Small Business Recovery Grant**. This was a scheme to help small businesses across the Marches which have suffered as a result of coronavirus. Grants between £1,000 and £3,000 were available for businesses with up to 10 FTE employees who were able to demonstrate a negative impact due to the crisis. This was a scheme managed through the Marches Growth Hub.

³ £137,000 initial budget increased by £30K in response to demand = £167,000 overall budget

Area	Wider Sectors	Visitor Economy Sector	Total
Herefordshire	£120,000	£62,500	£182,500
Shropshire	£157,500	£82,500	£240,000
Telford & Wrekin	£137,500	£70,000	£207,500
Total	£415,000	£215,000	£630,000

4.6. A priority during the second national lockdown was to again support those businesses hit by the second round of coronavirus lockdown restrictions through the application, processing and payment of the new round of national grant funding schemes, namely:

- **Local Restriction Support Grant (LRSG)** which supports businesses forced to close by government during the period of 5th November to 2nd December. The Council was awarded £6,752,250
- **Additional Restrictions Grant** which is a single allocation of funding based on £20 per head of population for each local authority. The Council was awarded £6,462,720 which was based on ONS 2019 population data of 323,136. The grant is a one-off payment for Local Authorities in financial year 20/21 and is to be used in 20/21 and 21/22 and will not be renewed. A proportion of the Additional Restrictions Grant has been used to formulate discretionary grant schemes to support closed businesses that do not have a rateable value and businesses that are severely impacted rather than closed. Funds can be used to run a series of business support programmes at the discretion of the Local Authority. The details of this are being developed for implementation in the New Year.

4.7. At the time of writing this report the Government has announced a third national lockdown. The Government has made available a further £4.6bn in business grant support for businesses who are mandated to close as part of the new lockdown restrictions. Businesses in the retail, hospitality and leisure sectors will receive up to £9,000 in the form of a one-off grant based rateable values:

- £4,000 for businesses with a rateable value of £15,000 or under
- £6,000 for businesses with a rateable value between £15,000 and £51,000
- £9,000 for businesses with a rateable value of over £51,000

4.8. Furthermore, an additional £594 million is being made available, as part of the third national lockdown restrictions, to support business not eligible for the grant detailed in 4.6.

5.0 Background

Covid-19 Unprecedented challenges

5.1 Coronavirus (Covid-19) was declared a Public Health Emergency by the World Health Organisation in January 2020, and then recognised as a worldwide pandemic in March 2020. From 23rd March 2020, the UK Government

introduced a nationwide lockdown to protect UK residents and consequently all non-essential organisations were mandated to close.

5.2 These have been unprecedented times across the Country and the pandemic resulted in significant disruption to the economy and this has been incredibly challenging for businesses across Shropshire.

5.3 Some of the key headline issues shaping the current economic profile are as follows:

- **Unemployment and Redundancies - universal credit claimants⁴**, reported in November 2020, Shropshire has a notably lower claimant count than the national average (4.8% compared with 6.5%)

Overall universal credit claimants in Shropshire in October: 20,580

Ludlow*: 5,006

North Shropshire*: 7,271

Shrewsbury & Atcham*: 7,409

Increase of 10,331 in Shropshire since March (+101%)

Note: Includes those on very low incomes as well as those claiming benefits due to unemployment

Unemployment claimant count in Shropshire in October: 8,565

Ludlow*: 2,245

North Shropshire*: 2,875

Shrewsbury & Atcham*: 3,025

Increase of 4,555 in Shropshire since March (+114%)

Coronavirus Job Retention Scheme (CJRS) otherwise known as the furlough scheme. Current data suggests total Shropshire employees registered on CJRS peaked in July at 42,800 and there was a fall of more than two-thirds in August to 13,000.

Self-Employment Income Support Scheme following the following grant allocation in Shropshire:

Round 1, 14,300 grants totalling £42.6 million (July 2020)

Round 2, 11,500 grants totalling £29.4 million (Oct 2020)

- **Apprenticeships** 25% down from 800 last year to 600 this year
- **Sector impacts**, almost all sectors of the economy have been impacted by the pandemic. However, there are notable impacts which have been felt particularly in;
 - Retail, hospitality and leisure industries
 - Tourism and visitor economy
 - Healthcare
 - Transport

⁴ The claimant count is a measure of those who are not in work and who are claiming out of work benefits, including universal credit and job seekers allowance

- Supply chains

5.4 Shropshire Council set about assessing some of the key emerging issues, associated risk and proactively managed a collective response with a series of practical short-term **immediate** interventions to help **restart** and support the economy across all sectors. These included:

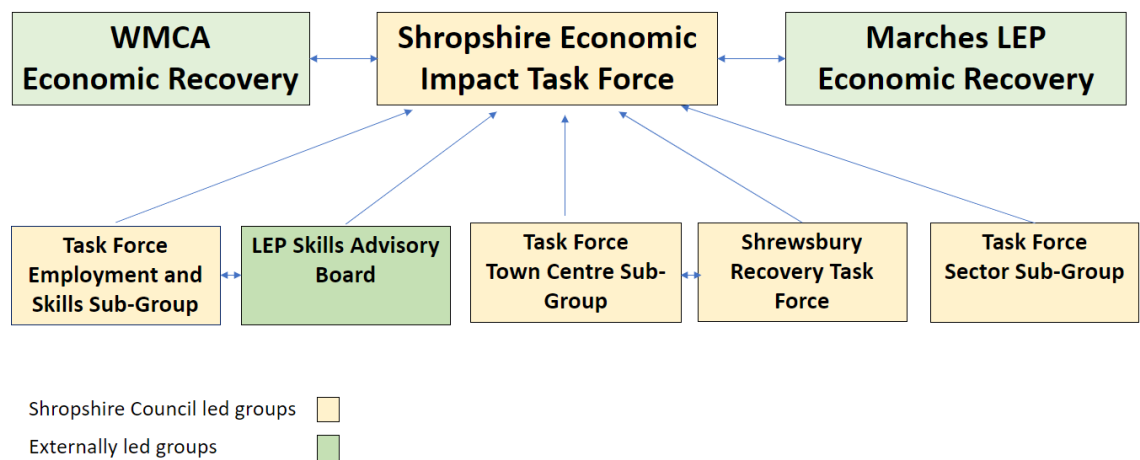
- Producing a *Reopening your Business in Shropshire* – online business guide/toolkit.
- Providing effective business support and signposting - to access finance initiatives e.g. **Bounce Back Loan (BBLs)** and ‘top up’ schemes; and financial support/funding streams.
- Provision of business support packages - resource a programme of support packages, events and webinars which were developed to support businesses through the pandemic
- Resourced the application, processing and payment of business support grants i.e. **SBG, RHL, Extended (Discretionary) Grants** and more recently the **LRSB** and **Additional Restriction Grant**.
- Supporting and signposting small and voluntary organisations to access much needed funding e.g. **ESF Community Grants** offering grants of £5,000 – £20,000 for local initiatives that will move unemployed people towards employment, training or education.
- Working in partnership with the Shropshire Chamber of Commerce to proactively support the **Kickstart** scheme designed to help those aged 16-24 who are claiming Universal Credit and at risk of long-term unemployment
- Supporting **town centres** and businesses:
 - Implementing **social distancing** measures to comply with public health regulations and to safely manage the reopening of the high streets and town centres
 - Installing **temporary TROs** interventions to additionally help with social distancing requirements
 - Processing **temporary pavement licencing** applications to support Autumn and Winter trading. As at 30th September = 28 licences – 1 Ellesmere, 2 Ludlow, 1 Market Drayton, 2 Oswestry and 22 Shrewsbury (source Shropshire Council Trading Standards and Licensing Operations)
 - Offering **free car parking** to encourage visitor and durations extensions
 - Maintaining and managing accessible public open space/public realm to support business, residents and mental health initiatives
 - Roll out Shropshire Council’s **shop local campaign**
 - Support local marketing campaigns e.g. Oswestry and Shrewsbury BID’s - *Shrewsbury’s Open* and *Shrewsbury Open Online*, *Oswestry back open for business* and similar for the other market towns to encourage shop local campaigns.

5.5 The Council has been working extremely closely with the business community, Business Improvement Districts, the Marches LEP, Government departments, partners and stakeholders to understand the immediate requirements to

support businesses, respond to immediate requirements and provide as much support as we can to help businesses and residents across Shropshire.

- 5.6 Shropshire Council established an Economic Task Force to bring together key partners, stakeholders and organisations from across the County and the business community. A number of subgroups have been established to support key strands of focus and work, this includes:
- Employment and Skills
 - Town Centre recovery
 - Sector focus

5.7

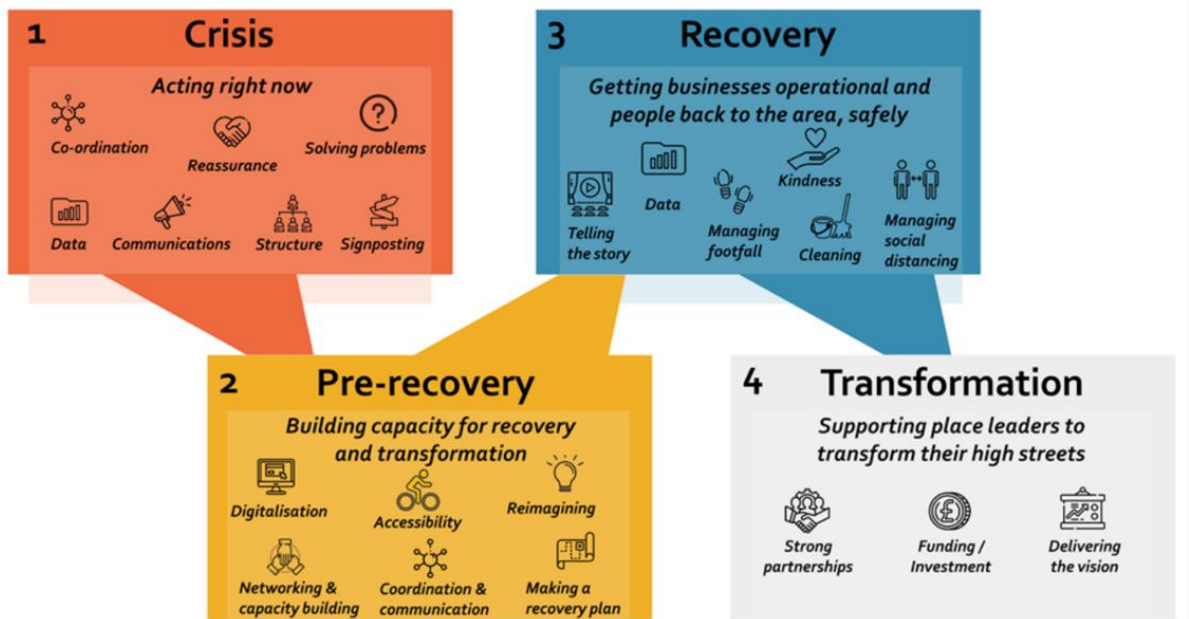


- 5.8 The Economic Task Force has established a tracker to manage and monitor key trends, emerging issues, establish areas of need and highlight responses/interventions.

- 5.9 The Task Force Subgroups (partnerships supported by external key stakeholders) adopted an action led proactive response with three key areas of focus:

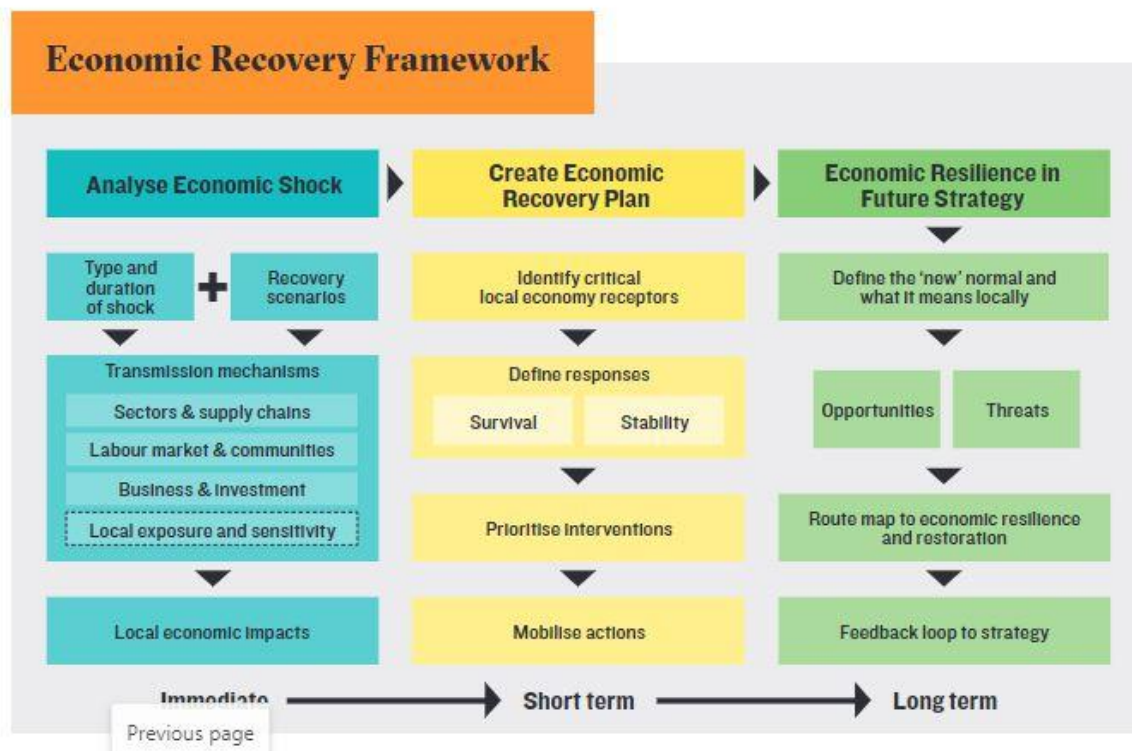
- To identify and report on the main issues
- To identify practical, immediate (**restart**) short term (**revitalise**) measures and intervention that will support the economy
- Set out future medium to long term (**growth**) interventions and recommendations for further work to build Shropshire's transformation and resilience framework

- 5.10 Shropshire Council has used examples and followed nationally recognised best practice task forces e.g. The High Street Task Force, to help shape localised intervention measures for high streets and town centres through a 4-stage process.



6.0 Economic Recovery, Transformation and Resilience Framework and Economic Growth Plan

- 6.1 Shropshire is well placed geographically and strategically to grow and build on its natural assets and both core established and new emerging businesses to redefine, develop and transform its economy for the residents and businesses of Shropshire.
- 6.2 Building on best practice, the economic recovery framework will aim to deliver an economic growth plan to ensure Shropshire’s recovering economy is aligned to national and regional priorities, positioning Shropshire as a magnet to attract investment opportunities, provide jobs and offer sustainable growth across key sectors.



<https://lichfields.uk/media/5869/covid-19-economic-recovery-framework.pdf>

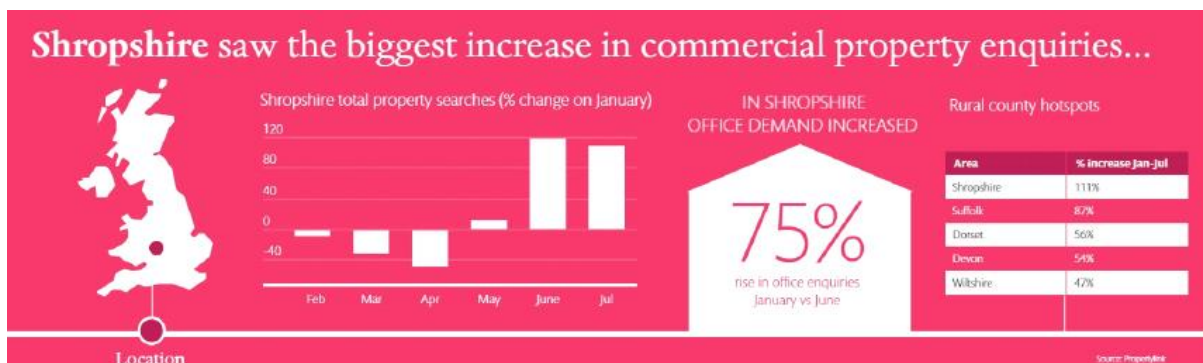
6.3 The development of Shropshire’s Economic Recovery, Transformation and Resilience Framework and Economic Growth Plan will involve:

- Use of a dynamic project tracker as a means of identifying and reporting emerging issues with the evidence base to support and bring forward opportunities and interventions to build the short, medium and long term asks, offers and deliverables.
- Working collaboratively and continuing to engage and consult with key stakeholders, partners and through wider public consultation platforms to collectively map and explore the strategic priorities to address the emerging “local” economic issues and challenges coming out across Shropshire and region.
- Identifying and establishing restart, revitalise and regrow opportunities for Shropshire's economy which will shape and refresh Shropshire’s Economic Growth Strategy addressing Covid-19, Brexit, digital and environmental challenges with resilience and transformation at the very heart of the Shropshire’s future economy.

6.4 The framework will look at planned **short, medium and long term interventions** to **grow** Shropshire’s economy.

The framework will be structured and focusing on some key themes:

- GVA and business growth/survival and investment for the local economy
- Employment growth – particularly innovative, digital and environmental management i.e. potential growth sectors
- Cross sector transferable skills to reduce the digital skills gap
- Initiatives to support economically active young (16-24)
- Digital/Smarter Infrastructure Strategy to support future ecommerce growth and the need for a digitally active and agile workforce
- Sustainable and green recovery
- Visitor economy and staycation opportunities
- Sustainable and active modes of transport/movement
- Support local health and wellbeing
- Local - buy in to local initiatives
- Commercial property - throughout the Covid-19 pandemic there has been an increase in the number of commercial property enquiries.



Source: Estates Gazette Property Link – Occupier Sentiment Report October 2020

7.0 Other Considerations

7.1 The Economic Recovery, Transformation and Resilience Framework and Economic Growth Plan will clearly have to consider the wider economic context including national trends and agendas and of course regional influences. Shropshire Council will build on important relationships in order to maximise opportunities to help meet our growth aspirations.

Brexit

7.2 The UK has left the EU and new rules for businesses with the EU start in January 2021. The transition period expired on the 31 December 2020. With Brexit uncertainty suggesting a weaker outlook for investment, trade and productivity coupled with Covid-19, this has resulted in a downturn of GDP and challenging economic conditions.

7.3 Therefore, Shropshire Council is working along with the Growth Hub collaboratively with other partners e.g. Shropshire Chamber of Commerce, Shropshire Business Board, The Marches LEP to offer practical advice, support and signposting to Shropshire businesses. This support provision has been made available across all sectors to help business prepare and operate

successfully under these new rules, particularly with regards to export planning, supply chain resilience and services and travel to the EU from 2020 onwards.

- 7.4 The Economic recovery, transformation and resilience framework will recognise the importance of continuing to work with companies to support their growth aspirations and ongoing success.

Digital

- 7.5 Since the start of the Covid-19 pandemic, residents and businesses have adapted to new restrictions put in place, with the digital agenda playing a significant role in supporting the ability of communities to remain socially and economically active and engaged. Whilst there have been examples where employees, or those seeking employment, have been unable to work from home due to limited connectivity, many have benefited as a direct result of the broadband interventions that have implemented by the Connecting Shropshire Programme. Since 2014 'superfast' broadband coverage (defined as 30 megabits per second) has increased in Shropshire from only 24% to over 94% in 2020, highlighting the impact that the pandemic could have had in our business communities had digital infrastructure not been upgraded earlier.
- 7.6 In addition to supplier contract interventions, which will continue to build 'gigabit' (1000 megabits per second) networks into 2021, Connecting Shropshire has a number of complimentary interventions that have, and continue to support businesses that need immediate improved connectivity where none is planned. The Marches and Gloucestershire Broadband Grant (MGBG) scheme was first introduced in 2017 and enables eligible European Regional Development Fund (ERDF) SME's to access up to £25k of capital funding for improved connectivity without a need to contribute capital. Where any business fails to qualify for an MGBG grant, a new 'top up' gigabit voucher now exists that can enable qualifying 'home based' businesses and 'agile' workers to get connection as part of a wider community scheme.
- 7.7 Whilst the above interventions have been successful in providing 'demand' focused projects we recognise the importance of achieving the aspirations of ubiquitous and equitable broadband across the whole Council area. As a result, we are now working with Government on the new Government 'gigabit' programme planning announced in the Autumn Spending Review. £1.2bn has been committed to deliver 85% 'gigabit' coverage in the UK by 2025. Our focus will be to ensure this funding is focused on building improved broadband to the remaining 'superfast' broadband gaps in Shropshire as a priority, at the same time as supporting the government's commitment to deliver more 'gigabit' capable networks.
- 7.8 Although broadband remains a key focus of activity, we understand businesses and home workers also expect, and demand reliable mobile coverage. Whilst Shropshire Council has no direct influence upon the wholly commercial Mobile Network Operator (MNO) market, we are conscious of the need to improve coverage in Shropshire. We will continue to work with the Department for Digital, Culture, Media & Sport (DCMS), the Mobile Network Operators and

Ofcom to seek improvements to current 4G coverage. In 2020 we expect more information to become available on the Shared Rural Network (SRN) which is a Government and Industry initiative to improve 4G connectivity specifically to 'not spot /partial not spot' areas.

- 7.9 Whilst in its commercial infancy 5G networks have started to offer opportunities to test capabilities beyond the conventional handset market. As part of the national DCMS 5G 'Test and Trials' programme Shropshire Council is working with partners on evaluating how 5G networks can be built and operated in rural areas as well as assessing new service delivery opportunities for health and social care provision. We will additionally look at other collaborative opportunities with other partners where opportunities present themselves.
- 7.10 The Economic recovery, transformation and resilience framework will look to explore a new proposition for Shropshire around wider digital / smarter solutions and interventions to align with the new economic growth plan opportunities and aspirations

Green agenda

- 7.11 Throughout the pandemic, the national picture reported reduced carbon consumption as a result of industries temporarily closing and restrictions on travel, there has been a notable reduction in pollution and carbon emissions. Lockdown saw a 7% reduction in global emissions, equivalent to the level of reduction needed per annum to deliver net carbon zero ambition – indicating not only the scale of behaviour change needed, but also how this will need to be sustained year on year. Improving environmental and carbon performance can also significantly reduce revenue costs and help local companies to remain competitive in the context of economic challenges from both Covid-19 and Brexit, especially where energy forms a significant overhead (e.g. Bridgnorth Aluminium).
- 7.12 We are working collaboratively with partners to maximise the acceleration we have seen in environmental business growth, by narrowing the emerging skills gap to tap into future employment opportunities (potential 5,000⁵ new direct jobs) in sectors such as:
- renewable energy development;
 - energy efficiency retrofit measures for existing buildings (both domestic and non-domestic);
 - low carbon vehicle fuels;
 - Waste, materials and resource management.
 - Land management, carbon capture & storage.
- 7.13 The Economic recovery, transformation and resilience framework will support the challenge of clean growth through increased investment in low carbon

⁵ https://lginform.local.gov.uk/reports/view/lga-research/estimated-total-number-of-direct-jobs-in-low-carbon-and-renewable-energy-sector?mod-area=E92000001&mod-group=AllRegions_England&mod-type=namedComparisonGroup

innovation and industries with a focus on sectors that support the environment and local green job growth.

8.0 Next steps

8.1 Through the Economic Task Force and working with partners, we will continue to develop, underpin and take forward the economic recovery, transformation and resilience framework set out in this report. We will develop and consult on the key areas of focus, prioritise the opportunities, streamline the offers and asks to Government to enable us to effectively and efficiently plan, support and deliver the national economic recovery. Alongside this we will developing a refreshed economic growth strategy for Shropshire covering the period 2021-2026.

List of Background Papers
Cabinet Member (Portfolio Holder) Cllr Steve Charmley
Local Members All
Appendices