

<b>Subject:</b>	<b>An Update on the Economic Strategy for Brighton &amp; Hove</b>
<b>Date of Meeting:</b>	<b>17 December 2020</b> 3 December 2020 – Policy & Resources Committee
<b>Report of:</b>	<b>Executive Director for Economy, Environment &amp; Culture</b>
<b>Contact Officer:</b>	<b>Name: Liz Cadman/Cheryl Finella Tel: 01273 291094/1095</b>
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<b>Ward(s) affected:</b>	<b>All</b>

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report is to update the Policy & Resources Committee on progress of the delivery of the priority actions in the Economic Strategy for Brighton & Hove.

**2. RECOMMENDATIONS:**

*That the Policy & Resources Committee:*

- 2.1 Notes the progress to date on delivery of the of the priority actions in the Economic Strategy for Brighton & Hove
- 2.2 Recommends to Full Council that the Economic Strategy is amended to remove the Productivity Commission as a priority action and notes that the objectives of the Commission will be pursued in other ways, as set out in Priority Action PA4 in Appendix 1.

*That Full Council:*

- 2.3 Agrees that the Economic Strategy is amended to remove the Productivity Commission as a priority action and notes that the objectives of the Commission will be pursued in other ways, as set out in Priority Action PA4 in Appendix 1.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 An Economic Strategy and supporting Action Plan for Brighton & Hove was adopted by the council in December 2018.
- 3.2 The Economic Strategy for the city was jointly commissioned by Brighton & Hove City Council and Brighton & Hove Economic Partnership.

- 3.3 The strategy identifies six themes to support its delivery that are vital to delivering economic growth, creating prosperity and improving quality of life for all, as outlined below.
- 3.4 The themes are supported by priority actions which are detailed further in Appendix A in the Economic Strategy. The action plan sets out activities for delivery until 2023.
- 3.5 However, the economic picture has changed since the Economic Strategy was prepared. In March, the UK government imposed a stay-at-home order shutting almost all schools, business, venues, facilities and amenities. It was forecast that lengthy restrictions would severely damage the UK economy. In late April, the UK had passed the peak of its outbreak and the lockdown was lifted.
- 3.6 Cases rose significantly from late August onwards and the government responded with a 'tiered' regional lockdown in England. These restrictions evolved during late October with a second national lockdown on the 5<sup>th</sup> November intended to last a month.
- 3.7 Many of the challenges facing the city are Covid-19 related. Covid-19 is having an unprecedented and ongoing impact on jobs, business resilience and the ability of the city to recover.
- 3.8 The collective focus has shifted to the delivery of those measures which will help to mitigate the negative impact of the Covid-19 lockdowns to aid the process of local economic recovery, and to this end a Covid-19 Recovery & Renewal Programme was established, to be overseen by the P&R (Recovery) Sub Committee.
- 3.9 Much has already been delivered to support businesses most in need at this critical time, as outlined below, and there is an item on this agenda updating on progress with delivery of the Covid-19 Recovery & Renewal Programme.

### **Economy and Events Recovery Working Group**

- 3.10 The Council's Economy and Events Working Group has been set up to respond to the Covid-19 Crisis. This includes responding to and delivering the government support programme. The group brings together business facing council services along with representatives from health and the voluntary sector to track the impact of the pandemic and government measures to contain it. Action to support businesses have included administering the government grants generic and sector specific, distributing information to businesses on operating safely, regularly updated information to businesses via the council's website, and support for the council's commercial tenants. Alongside the more immediate support measures the group continues to work on a Recovery & Renewal plan, including re-purposing empty shops, enabling the city's cultural institutions to find new ways to function, and working with the city's business community to respond to the ongoing economic challenges posed by the virus.

## **Business Grants**

- 3.11 The government introduced its business grants scheme as a result of the pandemic. The work undertaken by the Council included the delivery of business grants to local businesses, including grants of £10,000 for all businesses in receipt of small business rate relief or rural rate relief, and a grant of £10,000 for retail, hospitality and leisure businesses with property with a rateable value up to £15,000, and £25,000 for retail, hospitality and leisure businesses with property with a rateable value of between £15,000 and £50,999.
- 3.12 5,052 businesses benefitted from the Small Business Rate Relief scheme and the Retail, Hospitality and Leisure grant to a value of £68.56m.

## **Discretionary Grants**

- 3.13 On 2 May the government announced a 5% uplift in the allocated small business grants fund to be used by local authorities as a discretionary fund in support of businesses city affected by the Covid-19 pandemic who were not able to access other support.
- 3.14 Local authorities were given licence to make payments to other businesses based on local economic need. The city council's economic priorities have been set out within its corporate plan and economic strategy and they were therefore used to determine local priorities for the fund.
- 3.15 The government set out three levels of grants payments to business; £25,000, £10,000 and the council had discretion to set a lower amount for smaller enterprises; Brighton & Hove City Council set the smaller grant sum at £2,500.
- 3.16 Businesses were assessed through an application process to determine which level of funding they could receive. Applications were assessed by an independent advisory panel which included representatives from business organisations. There were over 900 applications from businesses seeking c£10m in grants, however the allocation from government was set at 3.67m. The panel was able to award 307 businesses a discretionary fund using the full £3.67m allocation.
- 3.17 Further Covid support grants in the form of the Local Restrictions Support Grant and the more discretionary Additional Restrictions Grant have now been introduced to assist businesses through the current lockdown, and a meeting of the P&R Urgency Sub-Committee agreed the process for distribution on 13<sup>th</sup> November 2020. A report on how that grant programme has operated will be brought to the next meeting of this committee.

## **Covid-19 Impact Assessment**

- 3.18 An Impact Assessment on the city region, was completed by Hatch on behalf of the Greater Brighton Economic Board. This was reported to the Board in July, and at the Board's last meeting in October an economic recovery plan for the Greater Brighton city region was agreed. It is clear from the analysis that, like the rest of the UK economy, COVID-19 will have a significant impact on output (GVA – a measure of productivity) growth in the Greater Brighton region. Using the

Office of Budget Responsibility (OBR) methodology to create a coronavirus reference scenario, the figures indicate a loss of 11% in GVA during 2020.

- 3.19 The impacts of Covid-19 are a rise in unemployment, closure of local businesses with significant challenges in four main sectors; Creative, Arts and Culture, Education, the Visitor Economy and Transport. The assessment says Brighton and Hove is in the top 20 towns and cities in the UK for insolvencies since the start of the lockdown.
- 3.20 During April Tourism saw a fall across the city region of 90% while live performances and festivals are predicted to face continued challenges into 2021. The report suggests that this sector will account for 50% of all jobs lost in the city region. In response to this the Arts & Creative Industries Commission is developing a Culture & Creative Industries Recovery Plan which will be used to seek support from government and organisations such as the Arts Council. A more detailed report on this work is set for Policy & Resources Committee in January.
- 3.21 The region's estimated year of recovery to achieve pre-COVID GVA levels is 2028. The Board has an important role to play in delivery of its Recovery Plan which is aligned with Coast to Capital's recovery strategy for the region.
- 3.22 Also on a more regional scale, officers have also been working closely with Coast to Capital Local Enterprise Partnership (LEP) on the recovery plans for wider Coast to Capital region.

### **Delivery of the Economic Strategy**

- 3.23 The impact of Covid-19 has had a significant impact on the delivery of the actions in the Economic Strategy, which were agreed as the city's priorities before the start of the pandemic.
- 3.24 Despite the impact of Covid-19, some progress has been made delivering priority actions in the strategy. The most notable areas of delivery are included under each of the six themes below with further detail in the Economic Strategy Action Plan (Priority Actions) in the Appendix.

### **Embracing Innovation**

- 3.25 The theme of innovation cuts across the strategy and is about adopting new approaches to build on the city's strengths and tackling growth challenges.
- 3.26 This theme is supported by a priority action which proposes to develop an innovation programme. Specific issues of economic focus include: productivity, energy, water, health and inclusion, electric/autonomous vehicles, food security, circular economy, affordable housing and digital infrastructure.

### ***Plus X (Brighton) - £7.7m***

- 3.27 A major new flexible workspace facility in the city 'Plus X' opened in June 2020, Despite challenging conditions due to Covid-19, which resulted in a slower start than anticipated, the building currently has around 100 business memberships on

flexible plans. The management team is also negotiating with established businesses with a view to taking significant floorspace on levels 5 and 6.

- 3.28 Since opening, Plus X has also successfully launched its scale up innovation programme, BRITE, starting in October. The Brighton Research Innovation Technology Exchange (BRITE) is a business innovation programme for ambitious and established businesses primarily based in the Coast to Capital Local Enterprise Partnership region.

### A Growing City

- 3.29 The focus of this theme is on homes, business space, infrastructure for growth and the dynamism of our small business and innovation economy. Its purpose is to deliver the space, infrastructure and support needed to achieve balanced growth; unlock and accelerate the delivery of homes, commercial and community infrastructure and support the evolution of a better connected and sustainable small business economy and to work with City Region partners to adopt a mutually beneficial strategy for development, growth and infrastructure delivery across the wider area.
- 3.30 This theme is supported by a priority action which proposes delivery partnerships with Government and regional partners tasked with accelerating the delivery of housing and commercial space across the City Region and with the aim to unlock stalled development sites.
- 3.31 A key outcome is the city council has worked with Hyde Housing to reshape the 'Homes for Brighton & Hove' joint venture. The joint venture will now become a development company, building homes and selling them to the council and Hyde to overcome viability issues that were blocking two key sites (346 homes) from coming forward. This means that Hyde can use their Homes England grant funding to deliver the homes. This was agreed by the council's Housing and Policy and Resources Committees in October 2020. The next step is to establish the Joint Venture as a development company and start the process to unlock the 346 stalled homes.
- 3.32 The council has a number of initiatives in addition to the joint venture that are delivering new homes these include:
- New Homes for Neighbourhoods – 227 homes completed in 14 projects on empty or underused council owned sites with over 600 homes in the pipeline over the next four years
  - Hidden Homes – 15 homes completed so far. 11 homes are due for completion in 2020/21 with more small sites identified
  - Council owed temporary and emergency accommodation – 25 homes completed so far with 48 further homes due for completion in 2020/21. Further options will be identified.

### An Open City

- 3.33 Focuses on business investment, a thriving visitor, retail, leisure and cultural offer and better places. The purpose of this theme is to reposition and promote Brighton & Hove as the most distinctive city in the UK and to capitalise upon and

strengthen the city's identity and reputation for creativity, openness and spirit to attract investors and visitors alike. It is also intended to protect and enhance the city's retail, leisure and cultural distinctiveness and improve the quality of the environment to ensure the experience of residents, visitors and investors matches and exceeds expectations.

- 3.34 On 1 October 2020 management of Royal Pavilion & Museums transferred from Brighton & Hove City Council to the Royal Pavilion & Museums Trust. The Royal Pavilion & Museums Trust (RPMT) is a charitable organisation. RPMT will manage and operate the Royal Pavilion & Museums' buildings and collections instead of the city council. The Council still owns the buildings and the collections. Becoming a Trust will safeguard the future of culture and heritage currently provided by the service. As a Trust RPMT will gain financial independence from the council. It can then apply for grants unavailable to local authorities. RPMT will operate as a charity and benefit from tax relief from income such as Gift Aid.
- 3.35 This theme is supported by a priority action which sets out to establish a City Region Trade & Invest Team. This priority proposes a new team with dedicated resource to act as a gateway to trade and investment information, enquiries and support.
- 3.36 Following the Greater Brighton Economic Board agreeing the Place Narrative and approach to Inward Investment, a dedicated section on the Greater Brighton website has been created and recently launched. A process for lead identification, engagement and monitoring has been developed and a report dashboard is now live. The report dashboard captures information about potential leads and opportunities and will be updated regularly. The Greater Brighton Business Managers have started reaching out to potential opportunities, and progress will be tracked via the dashboard.
- 3.37 Brighton & Hove City Council's Economic Development Team is supporting the Library Service in setting up a Business & Intellectual Property Centre (BIPC) at Jubilee library, as part of the British Library BIPC National Network. The BIPC Brighton & Hove will provide business support to entrepreneurs and small and medium sized enterprises with free access to market research, journals, directories, reports and company databases and a programme of free and low-cost events and workshops. Brighton BIPC is now supported by Claire Mason, CEO of the multi-award winning through leadership global consultancy Man Bites Dog as Entrepreneur in residence.

### A Talented City

- 3.38 This theme looks at economic participation across all life stages delivering greater labour market productivity and inclusion. The purpose of this theme is to recognise the integral role that skills and the labour market plays in driving economic productivity and inclusive growth outcomes. It aims to capitalise on the city's pool of talented labour by ensuring that all residents have the competencies they need to access employment, to progress in work and to build careers at any point in their lives. It will also deliver a balanced approach which reflects the diverse and changing workforce requirements across the economy, helping to develop a workforce closely matched to the City and City Region's future needs.

- 3.39 The Strategy's original proposal was to set-up a City Skills for Productivity Commission to act as a scrutiny committee and formulate recommendations for action to steer future skills, training and employment provision across the city. However, in 2019 the Adult Learning & Skills Partnership (ALSP) was restructured as a strategic body and the Economic Strategy Project Board agreed a City Skills for Productivity Commission would not be a standing group as the creation of a new skills group would bring duplication. As this is technically a change to a corporate strategy document, this change needs to be agreed by P&R and full council.
- 3.40 The government announced the Coronavirus Job Retention Scheme (CJRS) on 20 March 2020. CJRS supports employers in paying their employees. Employers have been able to claim CJRS support for employees furloughed from 1 March 2020. Up to 30 June 2020, CJRS provided employers with financial support of up to 80% of their employees' salaries. The scheme was modified on 1st August. The latest figures released by Local Authority Area in October, relating to August, revealed that 14,900 employees were furloughed at the end of August, However the data for August is incomplete as claims relating to these months may still be filed; thus, the should therefore be considered preliminary results and will be revised in future releases.
- 3.41 As at 31 August nationally, the sector with the highest proportion of its workforce eligible for furlough that were actually furloughed was arts, entertainment and recreation at 33% followed by accommodation and food services sector at 27%. In all, 50% of employers in the arts, entertainment and recreation sector were using the furlough scheme at the end of July as were 45% of employers in accommodation and food services. The furlough scheme is being replaced with a new Job Support Scheme on 1st November to protect workers who are unable to return to their usual working hours due to lack of demand.
- 3.42 The Supported Employment Team and Youth Employability have increased active caseloads supporting the most disadvantaged residents who have been disproportionately affected by the pandemic.
- 3.43 Coast to Capital LEP receive government funding to act as the Skills Advisory Panel (SAP) for the Coast to Capital area, bringing together employers and skills providers to understand and address key local skills challenges, with the aim of developing evidence based analysis to advise and support providers to deliver the skills required by employers. They have recently launched a LEP wide skills strategy and action plan.
- 3.44 Locally, employability and skills partners/networks will contribute to a two-year City, Employment and Skills Recovery Plan which will identify and address local priorities.

### A Fair City

- 3.45 This theme focuses on economic and social inclusion, health, civic pride and business and community responsibility. Its purpose is to ensure that Brighton & Hove becomes a more equal city, with the benefits of growth reinvested to support greater levels of inclusion. In addition, to narrow the gap between and within our communities and on engaging proactively with the most marginalised

groups; developing new projects to ensure economic, social and environmental resilience across the city.

- 3.46 Supported by a priority action which aims to develop long-term community capacity and citizen leadership to enable community wealth building, including for example local procurement models to be rolled-out across other institutions such as anchor organisations e.g. hospitals, schools etc and to encourage community ownership of assets as a route to community wealth building.
- 3.47 The Centre for Local Economic Strategies (CLES) prepared a draft report of Brighton & Hove’s potential to develop community wealth, entitled ‘Community Wealth Building in Brighton & Hove’ (December 2019). Brighton & Hove City Council will explore what options are available under this theme.
- 3.48 The Brighton & Hove Living Wage Campaign is going from strength to strength and held a 600<sup>th</sup> milestone celebration event earlier this year. The Brighton & Hove Living Wage campaign has 664 employees signed up.

A Sustainable City

- 3.49 This theme will build upon and strengthen our impact to ensure that Brighton & Hove becomes a more circular and sustainable economy and acts as a leader in developing a robust response to climate change.
- 3.50 The theme is supported by a priority action which promotes the development of a circular and sustainable economy to minimise waste and pollution by reducing, reusing and recycling. Exploring circular economy and sustainability projects which provide a real opportunity for the city to nurture local sectors, skills development and enterprise and contribute to keeping wealth local and prevent flows (materials, skills and investment) from going out of the city at the same time as reducing waste. This priority will build city resilience and security and will involve promoting and supporting sustainable business practices.
- 3.51 A Circular Economy Routemap is being brought to this Committee. It includes recommendations that enable the delivery of circular principles within the council and promotion throughout the city’s economy.
- 3.52 In October 2020 the Greater Brighton Economic Board launched its ten pledges to tackle climate change:

<ul style="list-style-type: none"> <li>1. <b>Kelp:</b> backing a scheme to introduce a carbon capturing kelp forest off the Sussex coast</li> <li>2. <b>Water Recycling:</b> partnering projects to introduce recycled water into new homes</li> <li>3. <b>Zero Emission Fleets:</b> committing to phasing out diesel cars, refuse trucks and vans</li> <li>4. <b>EV Charging Points:</b> supporting a huge</li> </ul>	<ul style="list-style-type: none"> <li>6. <b>Home Visits:</b> supporting Southern Water’s 50,000 water and energy efficiency home visits</li> <li>7. <b>Low Carbon Heating:</b> rolling out schemes to replace oil home heating with electric and other low carbon fuels</li> <li>8. <b>Public Buildings:</b> reducing energy use by 50 per cent by 2030</li> <li>9. <b>Innovation:</b> establishing an</li> </ul>
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<p>increase in electric vehicle charging points.</p> <p>5. <b>Rewilding:</b> supporting an increase in natural landscapes and rain garden projects</p>	<p>Innovation Forum to share latest research and best practice</p> <p>10. <b>Lobby:</b> using Greater Brighton's powerful voice to lobby government for investment</p>
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3.53 All members of the Greater Brighton Economic Board (GBEB), including Brighton & Hove City Council, GB Met, the Universities of Brighton and Sussex and the Brighton & Hove Economic Partnership, individually committed their organisations to support the GB10, a range of pledges underpinning energy and water projects which will help the environment.

#### 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The economic impact of COVID-19 cannot be ignored and a 'do nothing' approach is not feasible. The actions in the strategy that have been delivered to date are those that have been practical and feasible in the light of Covid-19. The strategy's action plan will be reviewed on an annual basis.

#### 5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 It is important the Economic Strategy is owned by partners and stakeholders from across the City and City Region. Delivery of this strategy draws upon the collective action and partnership working across the city and the capacity and expertise of a range of partners across the public and private sectors, social enterprises, the third sector and civil society.

#### 6. CONCLUSION

6.1 The city has been impacted significantly by the COVID-19 pandemic. This report sets out the main measures and approach that has been taken to build local business resilience and safeguard employment, local businesses and the economy.

6.2 The delivery of actions to support the economy have been and will continue to need to be agile and adapt to sudden changes in government response and/or local lockdowns.

#### 7. FINANCIAL & OTHER IMPLICATIONS:

##### Financial Implications:

7.1 The Economic Strategy for the city was jointly commissioned by Brighton & Hove City Council and Brighton & Hove Economic Partnership and implemented in December 2018. A number of additional actions have been included since then including the Governments response to the Covid 19 pandemic. These include the distribution of Government supported grants for Business Grants of £68.56m and Discretionary Grants for businesses of £3.67m which was the maximum allocation from Government.

- 7.2 The Economic Strategy Action Plan appendix details the progress for individual plans and includes updates of any financial investment and support for each scheme.

*Finance Officer Consulted: Rob Allen*

*Date: 11/11/20*

Legal Implications:

- 7.3 The Council's Economic Strategy is part of its Policy Framework which has been approved by Full Council. Amendments to the Economic Strategy must be approved by Full Council.

*Lawyer Consulted: Alice Rowland*

*Date: 11.11.2020*

Equalities Implications:

- 7.4 An EIA has been completed for the Economic Strategy, identifying where work can be effectively focused to maximise benefits to diverse groups. Where the council is the lead partner and/or funder for work areas these EIA actions will be progressed and overseen by relevant staff; where another organisation has lead responsibility, the council will pass on the findings of the EIA and encourage appropriate responses. The EIA will be revisited in the light of the pandemic.

Sustainability Implications:

- 7.5 Green recovery from the Covid-19 pandemic is high on Government's priority list. Within the Economic Strategy the 'Sustainable City' theme and the development of a Circular Economy Routemap, will help the city becoming more environmentally resilient.

Brexit Implications:

- 7.6 Changes being introduced as the UK leaves the European Union are being conveyed to businesses as they become clearer. The council is working with business partners to support businesses through the transition.

Any Other Significant Implications:

- 7.7 None.

Crime & Disorder Implications:

- 7.8 Studies have repeatedly linked unemployment to rising crime and the deterioration of health. Improving the economic prospects of the city's residents through the measures to safeguard jobs, business and support business resilience particularly in the light of the pandemic, may contribute to reducing crime and anti-social behaviour.

Risk and Opportunity Management Implications:

- 7.9 A robust and committed approach to tracking impact and performance is a crucial part of the delivery of this strategy. This will ensure a real-time understanding delivery progress, and an ongoing understanding of impact on the ground, be it at the micro level or City / City Region wide. The strategy's action plan is used to track delivery and understand impact.

Public Health Implications:

- 7.10 Studies have repeatedly linked unemployment to the deterioration of health. Improving the economic prospects of the city's residents through the measures to safeguard jobs, business and support business resilience particularly in the light of the pandemic, may contribute to improving the well-being of the city's residents.

Corporate / Citywide Implications:

- 7.11 This proposal is in line with the council's Corporate Plan to support the local economy and the Economic Development Strategy which aims to support economic growth.

## **SUPPORTING DOCUMENTATION**

**Appendices:**

1. Productive, Inclusive, Transformative: An Economic Strategy for Brighton & Hove – Action Plan (Priority Actions)

**Background Documents:**

1. [Productive, Inclusive, Transformative: An Economic Strategy for Brighton & Hove](#)

