

Subject:	Recovery Update: Economy		
Date of Meeting:	3rd March 2021		
Report of:	Executive Director Economy Environment & Culture		
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Ward(s) affected:	All		

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

- 1.1 This report updates members on some key indicators as to how the city's economy is being affected by the Covid 19 Pandemic, as well as some of the activities that are happening to better understand that impact and to work towards a sustainable recovery of the city's (and city region's) economy.

2. RECOMMENDATIONS:

- 2.1 That members note the latest position with regards to the city's economy and the impact of the pandemic.
- 2.2 That members note the contents of the Greater Brighton Sustainable Recovery Plan (appendix 1), and the update on delivery of that plan (Appendix 2).

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Up to date information on the employment impacts of the pandemic, and the City Employment and Skills Plan that is being drafted to address the issues, is on the agenda for this meeting.
- 3.2 One statistic of particular note to the city's economy is around the number of staff furloughed. The concern is that furlough could act as an indicator of future unemployment numbers. DWP have confirmed that Brighton and Hove still has considerable numbers of employees on furlough when compared to other local authorities in East and West Sussex:

County and district / unitary authority	Total employments furloughed at 30 November	Total employments furloughed at 31 December (provisional)
Brighton and Hove	20,000	19,500
Eastbourne	6,000	5,700
Hastings	4,600	5,300
Lewes	5,500	5,400

Rother	4,600	5,000
Wealden	8,700	8,500
Adur	3,400	3,200
Arun	8,600	9,000
Chichester	7,700	7,100
Crawley	11,100	10,500
Horsham	9,000	8,700
Mid Sussex	9,100	8,700
Worthing	6,100	5,800

3.3 [Centre for Cities identify Brighton & Hove a having an economy that is particularly impacted by Covid](#). But they also note that we are a city that has above average numbers of people who are home working. It is likely that our higher rates of home working in part explain higher rates of furloughing of local services jobs in the city centre. But in addition many of those furloughed jobs will be from the visitor economy.

3.4 Furlough is presently planned to continue until the end of April, but it is hoped that, subject to the lockdown situation, it is extended further to continue to protect jobs and enable businesses to furlough staff until the economy is able to restart properly.

BHEP Sector Feedback

3.5 From early on in the Pandemic, the Brighton & Hove Economic Partnership (BHEP) has been commissioned to provide reporting on business issues across Brighton & Hove, including sector focused feedback giving an overview of the issues and actions of the local business community. This has been based on the findings of a number of sector-focused sub-groups. The purpose of this is to ensure that the city council is hearing directly from businesses about the challenges they are facing, so we can better understand the interventions needed, or the areas we should lobby government on. A full report is being presented to the next meeting of the BHEP on 2nd March, so it is not ready in time for the preparation of this report.

Public Art Strategy

3.6 A consultation process is currently underway to inform a new Public Arts Strategy for the city. Led by the Arts and Creative Industries Commission, the new strategy will enable the city council to attract funds for public art, leading to new commissions for artists and contributing to the recovery of this fragile sector. The Strategy will also help property developers to follow a clear process for commissioning public art, engaging artists in the city and channelling funds towards their work in public places. Following the public consultation process, the Strategy will be published in May 2021.

Business Grants

3.7 Since the start of November 2020, the government has provided a number of grant schemes to assist businesses. Details of all these schemes are fully explained on our website here <https://www.brighton-hove.gov.uk/coronavirus-covid-19/businesses-and-employers>.

3.8 Of the six grant schemes, four; the Local Restrictions Support Grant (closed), Local Restrictions Support Grant (sector), Christmas Support Payments and

Closed Business Restriction Payments are fixed schemes. Which means that the grant amounts to business are set by government. The Council is delivering these in accordance with government criteria, the subsequent guidance, and the addendums that followed. In combination these grants have provided the bulk of the financial support during the Tier 4 and lockdown periods. As at 9th February 2021 the total amount paid on these grants was £27.75m.

- 3.9 At a Policy & Resources Urgency Sub-Committee on 13th November 2020, members agreed to delegate authority to officers to determine the criteria, agree the processes for the allocation and award of the £5.818m of funds in the discretionary Additional Restrictions Grant ('ARG'). As at 9th February 2021, £5.37m of this had been paid out to businesses. This has been paid out to 568 businesses from 1,549 bids, whilst 837 businesses have applied for the grant and not been awarded them – usually because they do not meet the eligibility criteria for the scheme. 144 bids are awaiting a decision at the time of writing.
- 3.10 On 4th February 2021, a further Policy & Resources Urgency Sub-Committee considered a report on the spending of additional discretionary grant funding. After the 3rd lockdown from 5 January 2021 was announced, the Council received an additional £2.6m top-up for the ARG fund. As with all grants, this came with a government imperative to distribute this fund to support local businesses as soon as possible. That additional allocation of grant funding extended beyond the reach of the delegation to officers to spend funding awarded during the second national lockdown and the subsequent tier system, and so members were asked to consider the new proposals put forward on how to distribute the funding, and delegated to officers the power to deliver those grants. Future reports will set out how that money has been distributed.

The Greater Brighton Sustainable Recovery Plan

- 3.11 Brighton & Hove's economy is not just limited to the administrative boundaries of the city, with the functional economic area, housing market areas and travel to work and to learn areas stretching across a wider city region. Therefore, much economic strategy, planning and interventions take place on that city region level, via the Greater Brighton Economic Board.
- 3.12 At the October 2020 meeting of the Greater Brighton Economic Board a COVID-19 Sustainable Recovery Plan was agreed (see appendix 1). The actions in the plan were shaped by an evidence base: The findings of an Impact Assessment on the region, which was completed by Hatch in July 2020. It was clear from that analysis that, like the rest of the UK economy, COVID-19 will have a significant impact on output (GVA) growth in the Greater Brighton region over the coming year. 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. The region's estimated year of recovery to achieve pre-COVID GVA levels is 2028.
- 3.13 That impact assessment for the region highlighted six main impacts. These were: a rise in unemployment, closure of local businesses and significant challenges in four main sectors; Creative, Arts and Culture, Education, the Visitor Economy and Transport. The sections of the recovery plan looked at these in more detail, and aligned to the Economic Board's Strategic Themes in line with the Board's

previously agreed Five-Year Priorities: International, Creative, Connected, Talented and Resilient.

- 3.14 At the time of agreeing the plan, it was acknowledged that the pandemic was a fast-moving situation, and it was decided that the plan would be reviewed before each Economic Board meeting, with progress reported and any new actions considered against the national and regional context. Appendix 2 is the outcome of the first assessment as reported back to the January 2021 Economic Board meeting.
- 3.15 The report set out that between the October 2020 and January 2021 meetings of the Economic Board, the Covid-19 situation had shifted significantly and rapidly. The autumn Spending Review also had implications for the City Region, and that the narrative from Government continues to be around green recovery – but also around levelling up.
- 3.16 The report also set out that Greater Brighton Partners continue to work tirelessly and innovatively to support businesses. Local authority partners had awarded at that stage over £200 million in business grants to over 20,000 eligible businesses, and over £6 million in discretionary grants. These numbers will have continued to grow.
- 3.17 Because the actions within the Sustainable Recovery Plan were set against the five strategic priority themes of the Board, the progress updates and main actions for the next quarter were reported back against each priority.
- 3.18 The report acknowledged that the Greater Brighton Economic Board should continue to lobby government for support in the hard-hit sectors, and that the Economic Board should consider the opportunities provided by new Government programmes and new funding streams.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This report is for noting a number of activities and actions taking place around the city and the city region to address sustainable economic recovery. As it is only for noting, alternative options are not set out.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Business representatives from the Brighton & Hove Economic Partnership and Community Works have advised on the business grant criteria and helped to promote the scheme. A 'How to' applicants guide has been produced and was published on 16 November; which has been viewed by circa. 20,000 people. The guide has been translated into five of the main languages spoken by residents in the city: Arabic, Polish, Mandarin, Bengali and Farsi and publicised within local communities.
- 5.2 Feedback from key business sectors, as set out above, has been commissioned via the Brighton & Hove Economic Partnership.
- 5.3 The Greater Brighton Sustainable Recovery Plan has been developed in conjunction with city region partners and stakeholders.

6. CONCLUSION

- 6.1 Brighton & Hove has the highest business start-up rate outside of London; it has many small and micro businesses and a dynamic visitor economy. The pandemic continues to have an ongoing impact on jobs, business resilience and prosperity.
- 6.2 Members are asked to note the updates on some of the activity around monitoring and intervening in the local economy to understand and minimise the impact of Covid-19.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 There are no financial implications arising from the recommendations of this report. The health and resilience of the local and regional economy has a profound impact on the council's demand led services and support, as well as income from local taxation, sales, fees and charges. Key assumptions are included in the council's Medium Term financial Strategy and will be updated as new and changing economic information emerges.

Finance Officer Consulted: James Hengeveld

Date: 19/02/21

Legal Implications:

- 7.2 There are no legal implications arising directly from this report.

Lawyer Consulted:

Alice Rowland

Date: 18/2/21

Equalities Implications:

- 7.3 Evidence shows that the Covid-19 pandemic has widened some existing inequalities, opened new divides and is disproportionately affecting certain parts of the region's population. National analysis indicates that:
- The most deprived areas, where the most vulnerable live, will be where new jobs will be slowest to appear. They are the places where already fragile high streets are further threatened by online commerce.
 - Sector shutdowns and homeworking have hit low paid workers the hardest. Increased reliance on technology and home working favours the more highly educated, at the expense of others.
 - The self-employed and those with insecure work arrangements more likely to report negative impacts.
 - Young people and women are much more likely to work in shutdown sectors. In terms of gender inequalities, women have also been taking a disproportionate share of the childcare responsibilities' parents are shouldering, with likely longer-term impacts on earnings. This recovery plan is an important step in addressing some of these disparities and mitigating these impacts.

- 7.4 The measures set out in this report will safeguard employment, local business and the economy, with the intention being that this is to the benefit of all. Each individual measure needs to be considered for the impact it will have across communities and how the benefits can be felt in communities that are not always reached. For example, the applicants guide for business grants has been translated into the main languages spoken in Brighton & Hove and the community and third sector have assisted in raising awareness of the scheme within minority communities.

Sustainability Implications:

- 7.5 A green and resilient recovery from the COVID-19 crisis will be at the heart of the UK's COP26 Presidency in 2021 alongside the move towards a zero-carbon economy. Clean growth has the potential to create jobs, provide cheaper power and stimulate economic recovery. Low-carbon transportation will reduce emissions and improve public health. Adapting and becoming more resilient to climate change through nature-based solutions will help all parts of society.
- 7.6 The actions within Greater Brighton Sustainable Covid Recovery Plan focus on the region becoming more environmentally resilient. This is supported by the recent adoption of the region's energy and water plans and the GB10 pledges.

Brexit Implications:

- 7.7 None directly identified, though the economic impacts of Covid-19 and any potential impacts arising from Brexit need to be considered together when planning for recovery.

SUPPORTING DOCUMENTATION

Appendices:

1. Greater Brighton Sustainable Covid Recovery Plan, October 2020
2. Greater Brighton Sustainable Covid Recovery Plan Update, January 2021