

EAST RENFREWSHIRE COUNCILCABINET13 August 2020Report by Director of EnvironmentEAST RENFREWSHIRE ECONOMIC RENEWAL KEY ACTIONS 2020/21**PURPOSE OF REPORT**

1. To advise the Cabinet on the preparation of economic recovery key actions that have been developed in response to the economic downturn as a result of Covid-19 and that further reports regarding the economy will be submitted to the Cabinet in due course

RECOMMENDATIONS

2. It is recommended that the Cabinet:
- a) Note the development of key economic recovery actions prepared with input from the recently established cross party member/officer Renewal working group
 - b) Note that further reports regarding economic recovery and renewal and Community Wealth Building will be submitted to the Cabinet in due course; and
 - c) Request the Director of Environment to prepare additional proposals for consideration by the Cabinet in relation to economic renewal and recovery for implementation should the Council's financial circumstances allow this.

BACKGROUND

3. As Members will be aware the Covid-19 pandemic is causing unprecedented disruption to the economy. Most Council areas face immediate challenges impacting across all sectors, businesses and jobs.

4. Listed below are some of the key high level issues in relation to the local economy. These are commented upon in further detail later within this report;

- East Renfrewshire's economy has well established strengths in retail, manufacturing, administrative/support services and construction. However, all of these sectors have had their wider supply chains impacted by the lockdown restrictions which have led to subdued demand for products and services.
- There were 24% fewer business start-ups in East Renfrewshire during the first six months of this year compared with the same period for last year.
- Local intelligence informs us that around 90% of East Renfrewshire businesses have been closed or are operating at only partial capacity throughout lockdown. Almost half of all businesses had most of the workforce on furlough at one point.
- Over 40% of local businesses believe that redundancies are likely over the next three months.

- The popular Scottish Government business grants scheme ended on 10th July (we have distributed over £9.3 million under the scheme). This will almost certainly have an impact on the local economy but the effects are as yet unknown.
- Furlough ends in October 2020. At the end of June 2020 11,900 employees in the Council area had been furloughed – the national figure is 736,500. Again, this will almost certainly have an impact but the exact implications are unknown at this point in time.
- The construction industry/housebuilding is only beginning to get on its feet again. Their capacity has been reduced due to social distancing working requirements and their costs are likely to increase due to supply chain issues.
- The current economic downturn continues to have a significant impact on the local labour market with young people and those in particular groups being most affected.
- In terms of unemployment benefit claimant count this has risen from 950 in February 2020 to a current figure of around 2300 people. This is the third highest percentage rise for any Council in Scotland. This is clearly concerning and requires further analysis to understand the issues surrounding this.
- There has also been a significant increase in the number of young people (16 – 24) claiming out of work benefits. At February 2020 the claimant count was 175. This had increased to 515 by the end of June 2020. Again this requires further analysis.
- There are therefore many unknowns and changing circumstances which will only become clearer in terms of impact/effect as time progresses and further detailed research is carried out.
- Given the above there are three main themes emerging over which the Council should be concerned. These are local businesses and the local economy, employability and longer term inclusive economic growth (such as in relation to infrastructure, city deal, capital projects, the council’s capital programmes and of course our vision for the future).
- All of this needs to be considered in the context that Economic Development staffing and financial resources are very limited. The major potential financial difficulties facing the Council in terms of a shortfall for 2020/21 were outlined in a report submitted to the Council in June 2020.

REPORT

Sectors at Risk

5. The sectors at risk are summarised by broad industry sector and risk category below.

Higher Risk	Accommodation & food services, entertainment & recreation, construction, education
Medium Risk	Manufacturing, wholesale & retail, transport & storage, information & communication, real estate, professional services
Lower Risk	Agriculture forestry & fishing, utilities, admin & support services, public admin & defence, health & social care, other services

Impact on East Renfrewshire Labour Market

6. The early indications are that the changes in the labour market brought about by the Covid-19 will have the biggest impact on those on the lowest incomes and in the least secure

jobs. It is also expected there will be a significant increase in the number becoming unemployed, underemployed or displaced in the labour market disproportionately affecting young people, women, those with disabilities, minority groups, those with criminal convictions, those who are aged 50 years plus those who are low earners and low skilled. These groups make up the Scottish Governments No One Left Behind priority targets, which are those unemployed people with the greatest barriers to employment. These groups are more at increased risk of exclusion and longer term negative impacts.

7. It is also recognised that employment and income are key determinants of health (including mental health) and well-being which is an important factor when enhancing, re-purposing and developing employment support interventions in response to Covid-19. This will have social care implications and HSCP will be engaged in that respect including with regard to social care careers, training and volunteering.

8. The role of employability services is pivotal in supporting those who are most vulnerable to the adverse impacts of this crisis, and will be essential in supporting East Renfrewshire's economic recovery. It should also be recognised the vital role that Work EastRen, the Council's Education Department, Skills Development Scotland and other employability partners will play in the local ever changing employability landscape.

Impact on the Business Community

9. The impact has been seen across the economy with many businesses temporarily closed and/or adopting different product and delivery mechanisms.

10. During the period March-July 2020, the Council distributed just over £9.3m to 800 local businesses and support to 90 self-employed residents worth £180,000. These support measures which have been aimed primarily at ratepayers of smaller business premises together with some larger businesses in the retail, hospitality and leisure sectors have been well received. The Scottish Government announced the closure of these grant schemes from 10 July 2020.

Impact on our Town Centres

11. East Renfrewshire Council recently approved their Transport Response to Covid-19 and have secured an initial £100k 'fighting fund' through the Spaces for People programme to develop temporary Covid-19 response measures. This programme will largely focus on the provision of temporary measures to provide additional space for physical distancing in public places and encourage people to walk or cycle while Covid-19 restrictions remain in place.

Addressing those Impacts

12. The Council's Economic Development team has been working closely with Corporate and Community Services, Business Gateway East Renfrewshire, East Renfrewshire Chamber of Commerce and the 3 Business Improvement Districts to ensure that appropriate mechanisms are put in place to help support local businesses. Town Centre Business Steering Groups have been set up to assist local businesses in that respect. These groups will develop specific recovery plans to adapt to the impact.

East Renfrewshire Economic Recovery Key Actions

13. The Environment Department's Economic Development Team has developed some initial key recovery actions in relation to economic recovery to help identify the most effective way to deploy resources. These are not a detailed recovery or renewal plan (which will follow in due course).

14. The key recovery actions have been developed with initial feedback from discussion with a recently established informal cross party joint member/officer Renewal Group. Membership includes Councillors Buchanan (plus one SNP member), Councillors Fletcher and O’Kane, Councillors Miller and Wallace and Councillor MacDonald. The CMT and/or their representatives are also on the Group.
15. The recovery actions are based around three phases
- **Immediate** - Analyse the impacts of Covid-19 across key components of the local or regional economy by end July 2020;
 - **Short/medium-Term** - Identify and prioritise key interventions to address these impacts in the short term by end of July /early August 2020;
 - **Long-Term** - Reset long term strategy where needed to build future resilience against the backdrop of wider structural shifts brought about by the pandemic.
16. The key recovery actions include:
- a) Help local businesses combat the effects of COVID-19 through a series of already existing support mechanisms such as Business Gateway and the Council’s Economic Development Team’s Grant and Loans Programme.
 - b) Encourage business start-ups.
 - c) Reconsider and reprofile the purpose of the new Greenlaw business centre to ensure maximum positive impact on local employment and businesses in view of the learning over the coronavirus issue.
 - d) Promote access to our high streets and town centres and help local businesses and residents to adjust to the ongoing uncertainty over the timing and phased way in which lock-down restrictions are eased. This will include dedicated support to help our local businesses open safely through provision of socially distancing materials, risk assessments and accredited training via our Business Recovery Toolkit.
 - e) Ensure that proposals in relation to Cycling Walking Safer Streets and Spaces for People (both received Scottish Government grant funding) are joined up and take into account economic recovery and renewal issues.
 - f) A “Shop Local” marketing campaign to encourage spend in our town centres and localities. This in essence will update and replace the previous “A Place to Grow” initiative. There will also be leaflet drops as well as social media posts to local residents to encourage them to shop local and to support East Renfrewshire businesses.
 - g) Ensuring that planning resources (development management) are focused on assisting businesses and minimising any delay in the planning process.
 - h) Provision of bespoke active labour market programmes including upskilling and re-skilling the workforce and safeguarding apprenticeships. The Work EastRen team will also participate in a new job matching website (c19jobs) to help reduce unemployment caused by Covid-19.
 - i) Maximise those employment and training generating opportunities for local residents from our Community Benefits policy. The Community Benefits Working Group will work with contracting Council Departments to ensure there is a

particular emphasis in helping our priority cohorts (as outlined above) take advantage of upcoming employment and training generating opportunities

- j) Review of procurement practice within the Council to ensure that benefits to the local economy and businesses are maximised wherever possible Local business will be supported via the Supplier Development Programme to bid for public sector contracts.

17. In addition to preparing the economic recovery key actions the Economic Development team have to date:

- Undertaken a local survey with the local business community to fully understand the impact of Covid-19 on local business community
- Undertaken a local survey with local residents to help fully understand the impact of Covid-19 on employability needs
- Produced a Business Recovery Toolkit to help businesses open up safely. Local businesses can also access the Covid-19 Control Certification Scheme and Personal Protective Equipment free of charge.

Next Steps

18. In due course when the potential economic impacts and implications of the coronavirus issue are clearer and better understood a more detailed and forward looking economic recovery and **renewal** plan will be prepared and submitted to the Cabinet.

19. This economic recovery and renewal plan will include consideration of the possibility of accelerated economic infrastructure investment programmes, including measures to strengthen the delivery and maximise the impact of City / Growth Deals. This may include amending existing investment plans and timelines to respond to COVID-19 and agree new priorities to support renewal/building better and not just recovery.

20. In addition, the concept of Community Wealth Building has been gaining traction in Scotland over the last few years with increasing examples of local authorities integrating Community Wealth Building principles into their activities.

Community Wealth Building

21. The coronavirus issue presents an opportunity for a radically different approach to economic development in the medium to longer term through Community Wealth Building.

22. Community wealth building is a radical and intentional reorganisation of the local economy. It seeks to achieve social, economic and environmental justice. It is essentially a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people.

23. At the heart of community wealth building are five strategies/pillars for harnessing the power of anchor institutions to enable local economies to grow and develop from within.

24. Key to these principles are the actions of anchor institutions. These are large commercial, public and social sector organisations which have a significant stake in a place. Anchors can exert sizable influence by adopting these strategies to impact upon economic, social, and environmental priorities, generating what is commonly referred to as social value. They can exert sizable influence through their commissioning and purchasing of goods and services, through their workforce and employment capacity, and by creative use of their facilities and land assets. Positive use of these aspects can affect social, economic and

environmental change in an area. Anchors can be organisations such as the local council, university, college, housing association or NHS health board.

25. The five core principles or pillars to Community Wealth Building:

- Progressive Procurement – developing local supply chains of businesses likely to support local employment and keep wealth within communities.
- Fair Employment and Just Labour Markets – Using anchor institutions to improve prospects of local people.
- Shared Ownership of the Local Economy – supporting and growing business models that are more financially generative for the local economy.
- Socially Just Use of Land and Property – developing the function and ownership of local assets held by anchor organisations, so local communities benefit from financial and social gain.
- Making Financial Power work for Local Places – increase flows of investment within local economies by harnessing and recirculating the wealth that exists.

26. Adopting a Community Wealth Building approach in East Renfrewshire could provide the Council and partners with a new and more radical/innovative approach to help local residents faced with poverty, wage stagnation, underinvestment, low-productivity and widening inequalities of income and wealth.

27. In that respect a further detailed report will be brought to the Cabinet in due course proposing the establishment of an East Renfrewshire Community Wealth Building Commission and the preparation of a Community Wealth Building strategy and action plan

FINANCE AND EFFICIENCY

28. The majority of the key recovery actions identified in this report will be met from within existing resources. However, further options and proposals are being developed based on emerging priorities as the landscape changes. It may be necessary to request further resources. If that is the case this will be the subject of a future report to the Cabinet.

29. In the meantime Solace and Cosla have been lobbying the Scottish Government for further funding in relation to business support and employability. The Scottish Government response to this is expected to be received in the very near future.

CONSULTATION AND PARTNERSHIP WORKING

30. This is ongoing with several partners as outlined in this report.

IMPLICATIONS OF THE PROPOSALS

31. The overall implementation of the economic recovery actions within this report will be co-ordinated by the Council's Economic Development team. There is likely to be equality and sustainability issues to address in due course.

CONCLUSIONS

32. Overall, our local economy is likely to be severely impacted by the impacts of Covid-19. Therefore, it is essential that the Council continues to intervene and take action where appropriate to help stimulate economic recovery locally.

RECOMMENDATIONS

33. It is recommended that the Cabinet:

- a) Note the development of key economic recovery actions prepared with input from the recently established cross party member/officer Renewal working group;
- b) Note that further reports regarding economic recovery and renewal and Community Wealth Building will be submitted to the Cabinet in due course; and
- c) Request the Director of Environment to prepare additional proposals for consideration by the Cabinet in relation to economic renewal and recovery for implementation should the Council's financial circumstances allow this.

Director of Environment

Further information can be obtained from Andrew Cahill or Michael McKernan on 0141 577 3325 or by email at michael.mckernan@eastrenfrewshire.gov.uk

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