

# GLoucestershire Economic Growth JOINT COMMITTEE

**MINUTES** of the meeting of the Gloucestershire Economic Growth Joint Committee held on Wednesday 3 June 2020 at 10.00 am. The meeting was held as a virtual meeting.

<b>Committee Members</b>	Cllr Patrick Molyneux	Cllr Richard Cooper
	Cllr Rob Bird	Cllr Tony Dale
	Cllr Doina Cornell	Cllr Richard Leppington (absent from the discussion due to technical issues)
	Cllr Steve Jordan	Dev Chakraborty (GFirst)
<b>Officers/ Presenters</b>	Steve Mawson (GCC)	Clive Howey (FODDC)
	Gillian Parkinson (GCC)	Angela Presdee (GCC)
	Mike Dawson (TBC)	Claire Edwards (GCC)
	Colin Chick (GCC)	David Owen (GFirst)
	Jon McGinty (Glous City)	Nick Holyoake (Holyoake Training)
	Kathy O'Leary (SDC)	

## 1. APOLOGIES

Apologies were received from Cllr Joe Harris (Cotswold District Council). Cllr Harris was represented at the meeting by Cllr Tony Dale.

Cllr Patrick Molyneux (Chair) welcomed Cllr Richard Cook (Gloucester City Council) and Cllr Richard Leppington (Forest of Dean District Council) to the committee.

## 2. MINUTES

The minutes of the meeting held on 4 February 2020 were agreed and signed as an accurate record of that meeting.

The committee noted a correction to item 6 of the agenda, (GFirst update), and the requirement to remove the word 'not' from the following sentence: -

A recruitment campaign to find a successor, (for the Chair of the GFirst LEP) was underway, with the deadline for applications confirmed as April 30 2020. Interviews to take place in May 2020. Internal candidates, (current members of the LEP Board), would ~~not~~ be allowed to submit an application.

Responding to coronavirus emergency guidelines, the committee meeting on 18 March 2020 was cancelled.

## 3. DECLARATIONS OF INTEREST

Cllr Steve Jordan (Cheltenham Borough Council) declared a personal interest in item 7 of the agenda (Strategic Planning Funding Proposal) and the committee's

consideration of recommendations for the continuation of the Gloucestershire Strategic Planning Coordination Project.

#### **4. SCRUTINY COMMITTEE QUESTIONS**

In response to the coronavirus pandemic and the cancellation of some of the committee meetings at Gloucestershire County Council, members of the Gloucestershire Economic Growth Scrutiny Committee were invited to submit questions on matters relating to items on the agenda for the meeting.

Written responses to the questions were circulated in advance of the meeting and are attached for information.

Cllr Kevin Cromwell, Chairman of the Gloucestershire Economic Growth Scrutiny Committee, was invited to speak at the meeting. Cllr Cromwell expressed his, (and the scrutiny committee's concerns), about the role of scrutiny in response to the pandemic emergency and asked how the scrutiny committee might be involved in the planning process for the economy recovery of Gloucestershire. Cllr Cromwell confirmed that a scrutiny committee would be held in July.

Cllr Cromwell requested to speak at the end of the meeting when he would have had an opportunity to hear the debate on the other items on the agenda, including the economic recovery item.

#### **5. GOVERNANCE ARRANGEMENTS: GLOUCESTERSHIRE ECONOMIC GROWTH JOINT COMMITTEE**

Head of Legal Services at Gloucestershire County Council, Gillian Parkinson, gave an update on the committee governance arrangements for the Gloucestershire Economic Growth Joint Committee, (GEGJC), before considering proposals relating to the continuation of the arrangements post September 2020.

The Head of Legal Services clarified that, under the current governance arrangements, (set out in an Inter Authority Agreement agreed by the County Council and the 6 district councils in 2014), it had been agreed that the arrangements would run for a 6 year term, ending in September 2020, with the County Council acting as the administrative authority. A Senior Officer Group, set up to support the committee, played an intrinsic role in underpinning the work of the committee.

The committee supported the proposal to waiver and remove the twelve month notice period agreed by the committee in 2014, including removal of the need for future notice periods, and continue for a period of eighteen months from September 2020 until March 2022. During this time, it was felt the committee would have a better understanding of the role and function of the newly configured Gloucester City Region Board.

A member suggested that the committee monitor and review the role of the committee throughout the period of extension and this was agreed. Chair of the

Senior Officer Group, Mike Dawson, reassured members that the Senior Officer Group would be reviewing government guidelines on partnership arrangements over the next few months and that these would be reflected in line with the proposals agreed at this meeting.

Another member suggested that consideration be given to 'economic wellbeing' when considering the economic growth of the county and requested that this form part of the committee role and incorporated into the committees' terms of reference. Responding to the suggestion, the Head of Legal Services clarified that references to economic wellbeing were already included in the Inter Authority Agreement. The committee recognised that the scope to consider economic wellbeing already existed.

Members noted the update and agreed to report back to the respective district councils the decision to waiver and remove the twelve month notice period set out in the Inter-Authority Agreement dated 4 September 2014, including removal of the need for future notice periods. It was agreed the Joint Committee would continue in it's current form for a period of eighteen months from September 2020, and that the role of the committee would be subject to review during this period.

**RESOLVED to: -**

- 1) *Note the overall governance arrangements for the Gloucestershire Economic Growth Joint Committee, as set out in the published decision report presented at the meeting;*
- 2) *Waiver and remove the twelve month notice period set out in the Inter-Authority Agreement dated 4 September 2014, including removal of the need for future notice periods, and agree that the GEGJC continue to operate from September 2020 for a period of eighteen months, pending review of the role of the committee during this period.*

**6. BUSINESS RATE POOL FUNDING UPDATE AND SEDF FUNDING PROPOSALS**

Andrew Cummings, (Strategic Director of Resources at Stroud District Council), gave an update on the forecast outturn of the 2019/20 Business Rates Pool and the estimated balance of the Strategic Economic Development Fund (SEDF) for Gloucestershire.

Key points highlighted by the report included:

1. The final financial gain to the SEDF from the 2018/19 100% Business Rates Pilot was £3.438 million.
2. The impact of the coronavirus pandemic was expected to have a fundamental impact on the economy of the county, including the level of business rates collected. Noting that the government restrictions had only come into place at the end of March 2020, it was anticipated that there would

probably be minimal impact on the actual business rates collection for the 2019/20 year.

3. There had been a significant positive change in relation to the business rates position at Tewkesbury Borough Council during the last quarter for 2019/20. This has seen the authority being able to release provisions previously set aside to cover appeal losses. The release of these provisions had seen a significant boost to the position of both Tewkesbury and the pool. This major boost was a one off event.
4. Based upon the new positions, an estimated pool gain of £4.5 million was anticipated, of which £900k would be passed to the SEDF. The committee was advised to view this estimation with some caution, pending potential changes to the year end final position. As a result of the pandemic, the deadlines for producing year end figures had changed and local authorities would now have until the end of November 2020 to publish their final accounts
5. The long term impact of the pandemic was not yet known. An anticipated 20% reduction on the previously estimated figure was included in the report. This would, however, be subject to significant fluctuation.
6. It was confirmed that the Business Rates Pool would continue into 2020/21, (under current arrangements), with Stroud DC acting as the lead body. It was hoped this arrangement would generate a further year of gain for the SEDF in 2020/21, currently estimated at £578k. The uncertainty surrounding this figure would mean caution would need to be exercised if using this balance as part of any funding allocations.
7. Members recalled previous updates regarding the risks to the pool from a legal case by the NHS foundation Trusts. In December 2019, the High Court had ruled that NHS Trusts and Foundation Trusts would not be eligible for business rates relief, which was considered to have eliminated the risk. Pending a possible appeal by the NHS Trust, it was agreed further updates would be required at future meetings. The issue of the NHS Trusts requesting charitable status remained the most significant financial risk to the pool.

**a) SEDF Funding Proposal: Gloucestershire City Region Board**

1. In October 2018, Leadership Gloucestershire had established 3 Boards to help deliver the eight ambitions of the Gloucestershire Vision 2050.

The three boards included:-

- Severn Vale
- Rural Ambitions
- Central Gloucestershire City Region

2. In recent months, discussions at Joint Committee and Leadership Gloucestershire meetings, regarding the provision of funding for the three boards, (allocated from the SEDF), had resulted in Leadership Gloucestershire agreeing that the three boards should be merged in to a single Gloucestershire City Region Board, to serve the whole of the county. It was proposed that the GEGJC set aside an allocation of £2million within the SEDF, to be available solely for the work of the new board. The release of all future funding allocations would be subject to funding requests on a project by project basis.
3. The detailed governance arrangements for the new board would be considered at the next Leadership Gloucestershire meeting. Information on how the board would work with existing bodies and partnerships, (including the Joint Committee), and what, if any, other partnerships the board might replace in the interests of efficiency and avoiding duplication, would be considered.
4. The aims of the new board would be to develop and deliver a vision for the future growth economic success of the whole of the Gloucestershire economic area, while, at the same time, taking into account climate change and related transport challenges.
5. Leadership Gloucestershire had produced a range of potential projects for the new board to consider, including anticipated costs and funding requests. The initial list of projects, (outlined in the committee report for noting at this meeting), totalled an estimated £1.95 million. One of the projects included a proposal for a countywide multi-modal transport model, with anticipated costs of £600k.
6. In response to the request for the allocation of funding, the Senior Officer Group had concluded that the overall aims of the Gloucestershire City Region Board would substantially benefit the economy and the success of the county. It was accepted that the work involved would require a significant amount of funding.
7. Chair of the Senior Officer Group confirmed that the group supported the request for funding from Leadership Gloucestershire.

**b) Drawdown 1 – Funding for Multi Modal Transport Brief**

1. Subject to approval of the SEDF funding proposal at 6 a) (above), it was proposed that the first drawdown from the £2 million funding allocation should be to consider the request for £410k towards the multi-modal transport project. (Please refer to Appendix A for details).
2. The committee noted the significant impact population growth and housing demand was likely to have on Gloucestershire and the repercussions of anticipated growth through additional development land allocations from emerging Local Plans.

*Minutes subject to their acceptance as a correct record at the next meeting*

3. The Executive Director of Economy, Environment & Infrastructure advised the committee that, with this perceived level of growth, it would be necessary to undertake significant planning activities and to set out broad ambitious growth aims and priorities to guide the development of future spatial and strategic plans.
4. At the heart of all spatial planning activities was consideration of the transport infrastructure for the development. Other challenges, including the urgency of reducing CO2 emissions to combat climate change and the need for a more inclusive transport system, would also need to be considered. Addressing challenges and accommodating additional growth would only be achieved through the modal shift away from private car use to more sustainable modes, including walking, cycling and public transport.
5. It was explained that, at present, Gloucestershire was unable to fully assess the impacts of investing in major public transport schemes, or to model the (transport) sustainability of potential development sites, due to the limitations of the County Council's highway base transport model.
6. An up to date Highways model would be required to assess the impacts of future local plan growth and consider sustainable mitigation measures. It could take up to 18 months to provide the necessary crucial evidence for this piece of work.
7. The committee agreed it was now more important than ever, particularly in terms of assessing the missing transport links affecting the more rural locations of the county, to develop a multi modal transport brief for Gloucestershire.
8. Stressing the need to review progress, members supported the drawing down of funding for the commissioning of the multi-modal brief by the Gloucestershire City Region Board.
9. Endorsing the need for high quality data and creating a strong evidence base, the committee noted concerns about walking and cycling provision, (including electric cycling provision), between market towns and concerns from constituents in the Cotswold District about the lack of consideration given to HGV traffic travelling from the A40 to the A436.

Having noted the update on the forecast outturn of the 2019/20 Business Rates Pool, (including estimated balance of the SEDF), and having considered funding proposals from the GEGJC Senior Officer Group in relation to requests for funding from the Strategic Economic Development Fund, (SEDF), the committee

***RESOLVED to allocate: -***

- a) *£2 million, (to be set aside within the SEDF), to support the work of the proposed Gloucestershire City Region Board, as requested by Leadership Gloucestershire, and*

*Minutes subject to their acceptance as a correct record at the next meeting*

- b) £410,000, (from the approved SEDF ring-fenced allocation allocated to the Central Gloucestershire City Regional Board at 6 a above), to support the commissioning of a Multi-Modal Transport Brief for Gloucestershire.

## **7. STRATEGIC PLANNING FUNDING PROPOSAL**

Mike Dawson, Chair of the Senior Officer Group, gave an update on the arrangements for the strategic planning coordination for the county.

The committee considered proposals for the continuation of the Gloucestershire Strategic Planning Coordination Project and:

### **RESOLVED to: -**

- 1) Note the current position of the strategic spatial planning coordination project;
- 2) Approve the proposals set out in section 3 of the decision report to:
  - a) Agree that the project lead provided by the Cheltenham BC Strategic Planning Manager continue until the end of the project. (Under this arrangement, from 1 June 2020 Cheltenham BC to be reimbursed with the salary costs for the officer time committed to the project in order that the Cheltenham Strategic Planning Manager post be backfilled as required).
  - b) Agree that the costs reimbursed to Cheltenham BC be shared using the same arrangements agreed by the committee on 29 November 2017 and as set out in the decision report for this item. The cost will be less than the arrangement with Point Consultancy Ltd and anticipated not to exceed £15,000.

## **8. GFIRST LEP UPDATE**

The committee received an update from the GFirst LEP on the status of Growth Deal Projects for Gloucestershire and the EU Inward Investment Programme.

The information report published with the agenda was noted.

## **9. COVID-19 RESPONSE - PLANNING FOR GLOUCESTERSHIRE'S ECONOMIC RECOVERY**

The committee received information on the activities being undertaken by the County, District, Borough and City Councils of Gloucestershire in response to the Covid-19 Pandemic. The committee to note the proposed governance arrangements for the economic recovery planning process, including development of an Economic Recovery Strategy, for Gloucestershire.

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The committee received a verbal update from GFirst LEP on current, (and future), activities in partnership response to the Covid-19 Emergency. Please refer to the attached power point presentation for the update provided by GFirst LEP.

In terms of leading the economic recovery of the County, it was proposed that the current governance model for economic growth should be used to manage the recovery process. It was suggested this should involve the GEGJC overseeing the strategy development and delivery of the process, with the Senior Officer Group, (group of senior officers set up to support the work of the GEGJC), managing the operational strategy.

It was also proposed that a Gloucestershire County Transition Group be established to support the Senior Officer Group, to include District, Borough and City representatives, as well as representatives from GFirst LEP.

The committee considered the suggestion that Gloucestershire County Council lead the co-ordination and strategic input for the recovery process, with the understanding that any overlap with structures emerging through GFirst would need to be considered in order to reduce duplication and improve the co-ordination of activity.

Speaking on behalf of GEGSC members, the Chair of the Scrutiny Committee, Cllr Kevin Cromwell, questioned the role of the scrutiny committee in the economic recovery planning process. Clarification was also sought on the roles of the Joint Committee; the Senior Officer Group and GFirst LEP. Cllr Cromwell emphasised the key role the scrutiny committee should play in planning for the economic recovery of the county going forward.

Emphasis was placed on the need to work in partnership, and for care to be taken to avoid potential overlaps and duplication in any work being undertaken by the District Authorities.

In responding to the information report, questions were raised on the priority areas suggested for consideration and in response to the findings of Business Sector Sectoral Intelligence in relation to the proposed anticipated areas of recovery.

Careful monitoring of future unemployment data was identified as a key area of focus for the planning process. It was generally agreed that geographical issues, (national versus local/rural versus urban) would also need to be considered in the approach to economic recovery.

Having sought clarification on what was being asked of the committee, it was suggested that, as an 'in principle' decision, the Joint Committee should undertake responsibility as the administering body for the recovery process. Adopting a collaborative approach, it was suggested that the County Council, (supported by the District Councils), should take a strategic role in responding and communicating with Government guidelines. Recovery activities to be considered in the immediate/interim and long term stages of the process.

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Following an in-depth discussion on the stages of recovery, it was agreed the views of the committee, including any areas of concern, should be taken away and considered/worked on by the Senior Officer Group, in conjunction with discussions with the Chief Executives and Leaders of all 7 authorities.

It was agreed an additional single item GEGJC meeting should be arranged in July, which would form the platform for the discussion going forward.

The Joint Committee to i) provide a steer/amalgamate the work of the County Council/GFirst LEP in responding to the anticipated economic downturn of the County and ii) engage/contribute to the development of a recovery plan for Gloucestershire. The coordination of the individual recovery plans by District Authorities would be essential to this work.

On being put to the vote to seek an overall direction from the committee, it was unanimously agreed that the GEGJC would act as the 'in principle' coordinating body to collaborate the work for the economic recovery planning process of Gloucestershire. The 'in principle' decision would be subject to further discussions and would provide the basis for the recovery committee meeting in July.

In the meantime, the Scrutiny Committee and the District Councils to develop their individual views and plans for recovery for consideration at the meeting.

## **10. FUTURE MEETINGS**

The dates of future meetings for 2020 were noted: -

16 September 2020  
18 November 2020

An additional single item 'economic recovery' item meeting would be held on 28 July 2020. (The meeting would be a virtual meeting).

## **CHAIRPERSON**

Meeting concluded at 12.25pm

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**GLOUCESTERSHIRE ECONOMIC GROWTH JOINT COMMITTEE**

**SCRUTINY QUESTIONS – 3 JUNE 2020**

<b>Question 1: Cllr Brian Robinson</b>	<b>Response:</b>
<p><b>Agenda Item 5:</b> Governance arrangements.</p> <p>The report states the resource implication of extending the arrangements by 18 months are set out in the body of the report. However, the report does not indicate the financial cost or the human resource commitment either for individual councils or in total.</p> <p>How can committee members agree to this step without being informed of the cost? There is also no reference to the achievements over the past five years that would support an extension.</p>	<p>The inter-authority agreement between the Councils provides for the administration costs of the GEGJC (capped at £5,000) to be paid from the Strategic Economic Development Fund. It is for the individual partner authorities to pay for their members' expenses through their existing authority's arrangements for Members' expenses together with the Officer time involved with supporting the Joint Committee.</p> <p>The Joint Committee has provided a range of benefits for Gloucestershire authorities to work together to promote and improve Gloucestershire's economic wellbeing.</p> <p>Examples of the benefits are:</p> <ul style="list-style-type: none"> <li>• Reviewing the work of the LEP to achieve the objectives of the Gloucestershire SEP and enabling the Joint Committee to consider and support county wide bids for central government funding through the Growth Deal. These projects have enabled strategic investment to provide growth in employment, housing and development of skills across Gloucestershire.</li> <li>• Establishment of the Strategic Economic Development Fund to enable the Joint Committee to consider financial revenue funding for several key Gloucestershire strategic infrastructure projects including the Cyber Central Project, the Rail Investment Strategy and Junction 10 Improvements.</li> <li>• Enabling a county wide forum for consultation on the County's strategic infrastructure and skills programmes; including the Rail Investment Strategy, the Fastershire Broadband Programme, the Local Transport Plan, the Gloucestershire Employment and Skills Board, Gloucestershire's Strategic Planning and the Climate Change Summit.</li> <li>• Providing a county wide scrutiny function in relation to the LEP and the Joint Committee.</li> </ul>

**GLOUCESTERSHIRE ECONOMIC GROWTH JOINT COMMITTEE**

**SCRUTINY QUESTIONS – 3 JUNE 2020**

<b>Question 2: Cllr Brian Robinson</b>	<b>Response:</b>
<p><b>Agenda Item 9:</b> Covid-19 Response - Planning for Gloucestershire’s Economic Recovery</p> <p>The organisation and delivery of an emergency response to the Covid 19 emergency has been very effective allowing Gloucestershire to respond to the emergency. Ensuring keys services were delivered and everyone was supported.</p> <p>The three stages of response beyond the immediate emergency are based on an assumption and applied generally across sectors. In reality for some sectors the will be no second or third new normal. The damage is terminal. Others may bounce back and for some such as food retail, business has boomed.</p> <p>While the desire to have a planned, coordinated response across Gloucestershire is well understood quite what can be done to achieve this is not clear. Major sectors like aerospace will take their lead from international or government cues. Small business innovation will follow the market in whatever direction that leads.</p> <p>What practical difference is a response plan likely to have? Would it make more sense to continue with the existing longer term projects that were in place before Covid and not waste time trying to second guess areas we have little expertise in?</p>	<p>As outlined in the briefing paper for the GEGJC meeting, a multi-layered approach to Gloucestershire’s recovery is emerging from Districts as well as the County Council and the Local Enterprise Partnership. Each of these organisations has been supporting businesses over the past 10-weeks, hearing first-hand of the challenges of sectors and individual businesses. This local intelligence informs new policy setting which can enable the business environment if done effectively.</p> <p>Sharing this local intelligence through the recovery plans will be valuable to ensuring that future funding from government, initiatives at a County level and investment is made in the right sectors and localities to build on existing strengths and emerging opportunities. Key to using this information effectively is the coordination and leadership required to support businesses and residents.</p> <p>This intelligence will also be helpful at a practical level for future planning within individual councils. For example, through planning policy to determine the future need for commercial workspace or retail space as work patterns shift and consumer habits change. It will also be valuable for informing place-shaping requirements around high streets and market towns.</p> <p>While businesses will indeed take a steer from their sector, there remains a competitive element to their own recovery and to innovate away from their competitors. In relation to links to government, this may be true of large businesses, but there are significant numbers of sole traders and SMEs who do not have these links. This relationship is held at a council or LEP and will turn to those organisations for their support needs. The council role will then turn to one of lobbying on behalf of businesses as has been seen with the hospitality and leisure sector and requirements around business rate relief and the furloughed workforce.</p>

**GLOUCESTERSHIRE ECONOMIC GROWTH JOINT COMMITTEE**

**SCRUTINY QUESTIONS – 3 JUNE 2020**

	<p>The long-term projects that were in place before Covid will also be key to sustainable growth and recovery, assuming there is still a market or a need. This will require an evidence base that will confirm where investment is needed to deliver the long-term vision.</p>
<p><b>Question 3: Cllr Brian Robinson</b></p>	<p><b>Response:</b></p>
<p><b>Agenda Item 6a:</b> SEDF Funding Proposal: Central Gloucestershire City Region Board</p> <p>What is the reason for merging the three birds in to one? Will this now lead to a loss of focus on rural issues?</p> <p>The components projects that make up the £1.95m are simple one line statements with very round numbers attached. £50k here £100k there. Where is the business case to underpin these projects to demonstrate value for money to councillors and local taxpayers.</p> <p>Why does the report front sheet say there are no resource implications to a decision to allocate £2m? How can the committee make this allocation when it seems to be underpinned by very flimsy information?</p>	<p>The three 2050 Boards were established under the auspices on Leadership Gloucestershire, the partnership body upon which all local authorities in Gloucestershire and GFirst LEP are represented at Leader level. Leadership Gloucestershire considered a report in February 2020, which set out the reasons why it would be more appropriate to have a single City Region Board which covered the whole of the County. In summary these are as follows:- .</p> <p>By definition a ‘City Region’ comprises urban and rural areas that act together as a single functional economic area. It was considered by Leadership Gloucestershire that, to a large degree, in terms of land use planning, transport plans and economic strategy and activity, this applied to the County and therefore all districts should be included. Furthermore, coordination of strategic climate change responses are also being developed on a county basis which will have major influence on future transport, especially public transport provision. In addition, Leadership Gloucestershire agreed that a single county approach to growth will coordinate the engagement with the Western Gateway Powerhouse and national government more effectively.</p> <p>Leadership Gloucestershire considered that a major element of the work of the Severn Vale Board, investigation of a third Severn Crossing, had been effectively completed and the remaining work, concerning growth would be more effectively undertaken by a City Region Board.</p> <p>It was recognised by Leadership Gloucestershire, that the work of the Rural Ambitions Board was valuable, but it was agreed that this could be</p>

# GLOUCESTERSHIRE ECONOMIC GROWTH JOINT COMMITTEE

## SCRUTINY QUESTIONS – 3 JUNE 2020

undertaken within the structure of the City Region Board. The City Region Board has been asked to review its governance structures to take account of these changes and to determine how the work of the Rural Ambitions Board can be continued effectively. This work is underway.

After consideration, it was agreed by Leadership Gloucestershire to form a single City Region Board for the whole of the County and dissolve the other two 2050 boards.

The list of 'projects' in the Gloucestershire Business Rates Pool Mid-Year Update report are given as an initial list of examples to demonstrate the extent of potential work facing the City Region Board partners. It serves to demonstrate the need to ensure that the City Region Board has the necessary funding to undertake its important work to benefit the whole of the County.

Having considered this, Leadership Gloucestershire have requested that the Joint Committee set aside an 'allocation' of £2million within the Strategic Economic Development Fund (SEDF) to be available for the City Region's work.

However, the funds will remain within the SEDF and can only be drawn on the approval by the Committee of the detailed assessment of individual projects. This is the case in respect of the request for funds to undertake the Multi-Modal Transport Study set out in the report.

# Gfirst LEP Economic Recovery Planning informed by businesses directly influencing GCC & Local Authority Recovery Plans



## Gfirst LEP

**Sectoral Intelligence** gained from:

Business Groups:

- Cyber
- Advanced Engineering & Manufacturing
- Agri, Food and Rural
- Energy
- Construction & Infrastructure
- Retail and the High Street
- Visitor Economy, Tourism and Hospitality sector

- Trade & Membership bodies; FSB, National Farmers Union, Cynam, Circle 2 Success
- Gloucestershire Employment & Skills Board
- GERM sub-groups; Education/Health, Business Community & Local Authorities
- Gloucestershire Growth Hub Network; links to start-ups, self employed & SMEs of all sizes

Supported by **Economic data and impact modelling** by sector and district from Hardisty Jones, Gfirst & GCC

Together with **encouraging transformational thinking** on issues such as Health & Well Being, Community & Business Resilience, Voluntary Sector, Culture, Carbon Neutrality and collaborative working across stakeholders

## **GCC**- Overarching Coordinating Recovery Plan

- Respects Long Term Strategy for the County e.g. LIS
- Threat to high GVA sectors e.g. Engineering & Manufacturing
- Increased importance/growth of IT & Cyber Sector
- Infrastructure issues e.g. broadband, highways

## **Local Authorities** – Place based Recovery Plans

- Tourism & Destination Management
- Survival of Market Towns and High Street
- High unemployment in low GVA sectors
- Adapting public space
- Grants & Aid for business survival

# World view on what are we trying to recover from?

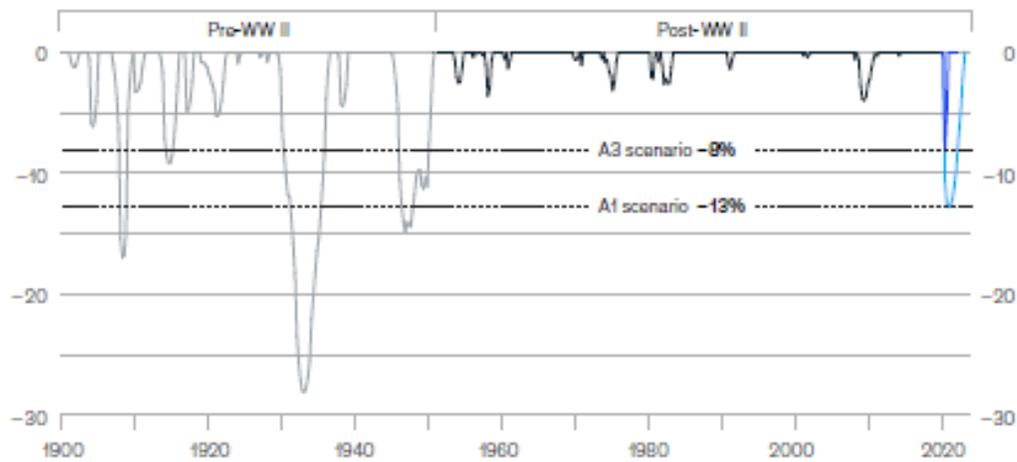
## Potential scenarios dependent on effectiveness of public health and economic policy response

A1 Scenario 13% reduction in GDP

A3 Scenario 9% reduction in GDP

### COVID-19 US impact could exceed anything since the end of WWII

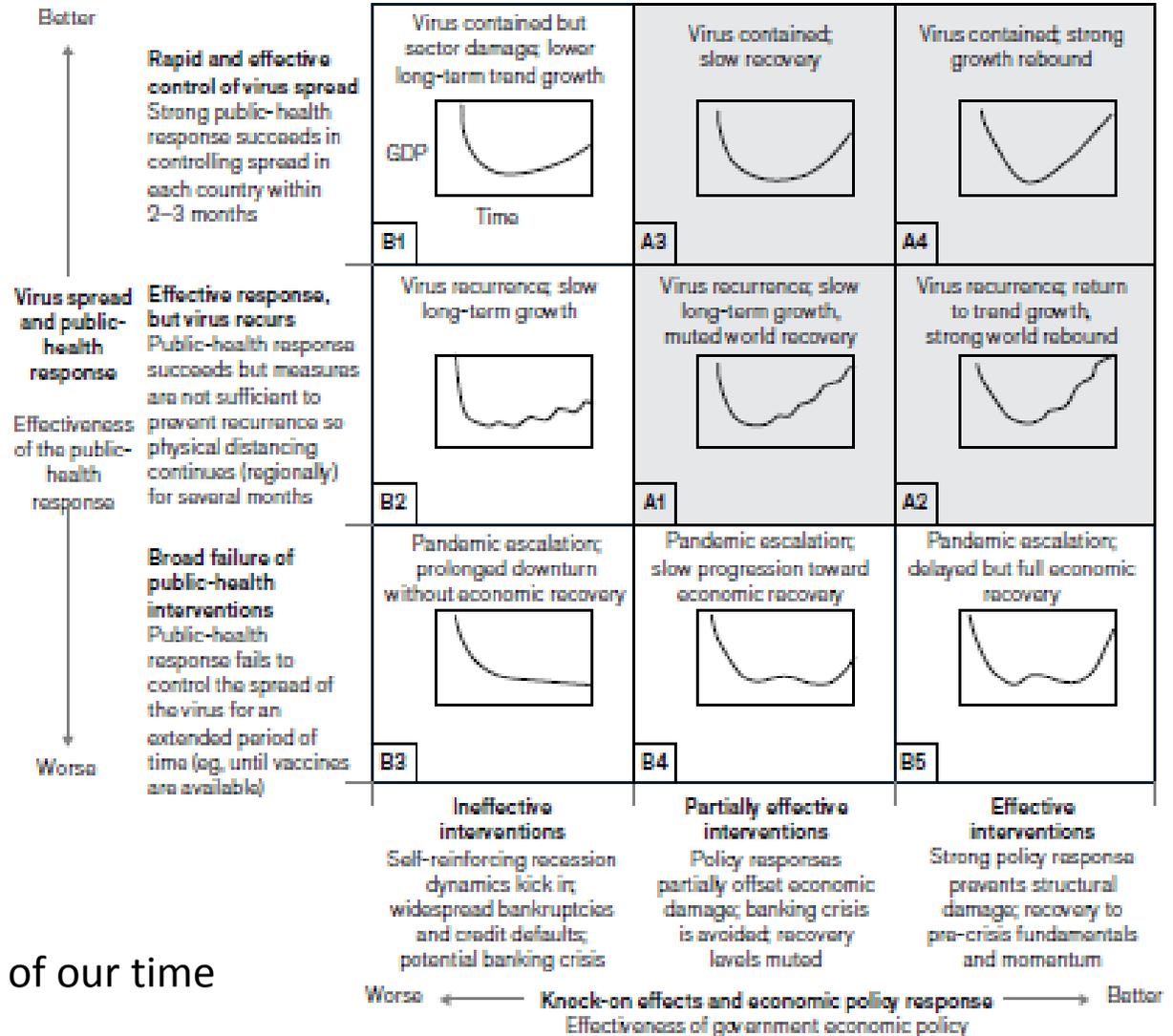
US real GDP, %, total drawdown from previous peak



Source: Historical Statistics of the United States Vol 3, Bureau of Economic Analysis; McKinsey analysis; In partnership with Oxford Economics

## Scenarios for the economic impact of the COVID-19 crisis

GDP impact of COVID-19 spread, public-health response, and economic policies



Safeguarding our lives and our livelihoods: The imperative of our time

## **Post Coronavirus phases of Economic Impact**

### **Full lockdown = three months**

Possible phases of regional lockdown and release

Government intervention to support employment and business activity

### **Restart = two quarters**

Gradual release from lockdown, social distancing, parts of the economy remain 'shut' or operating sub-optimally.

Gradual phasing-out of Government cash support for businesses

### **Revitalise = four quarters**

### **Growth = new normal**

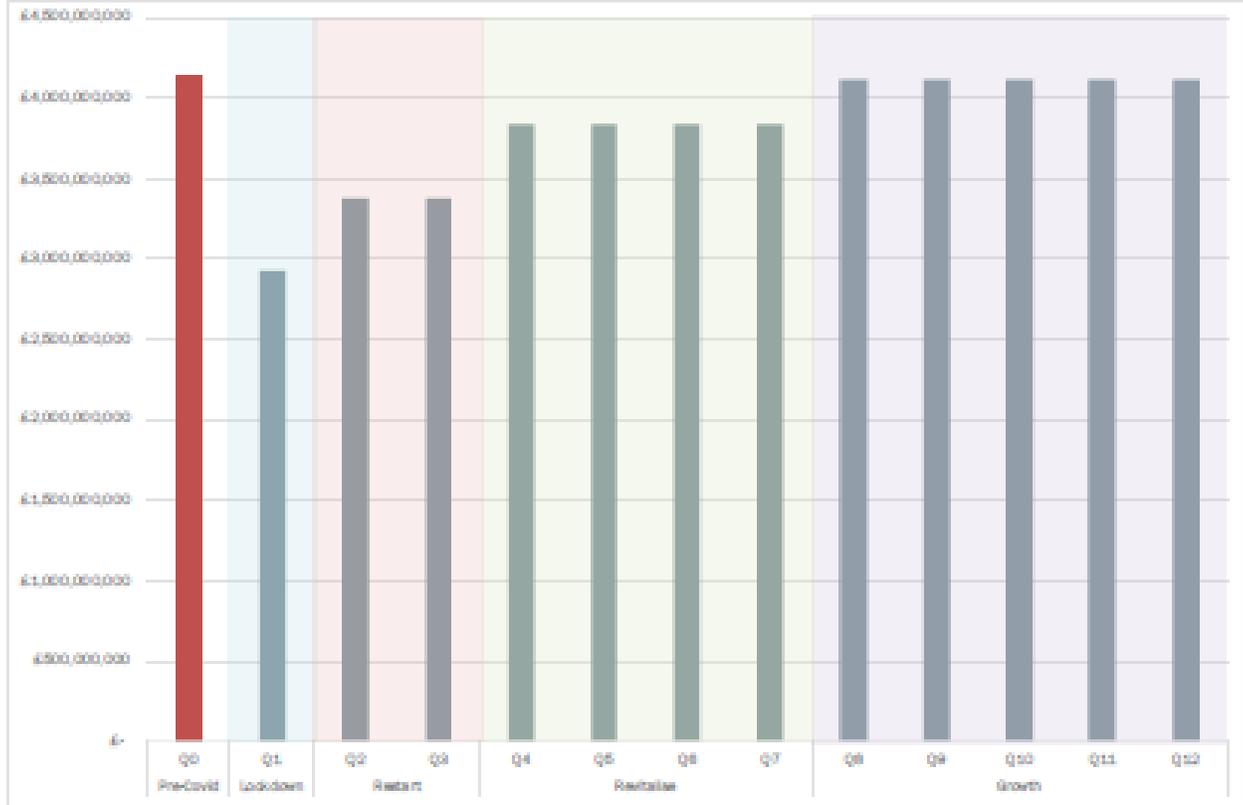
fully functioning economy with changed sector sizes; decline (e.g. High Street retail) and prosper (e.g. ICT and online content provision)

# What GVA impact is Gloucestershire trying to recover from?

Figure 1.2: Impact on Total Gloucestershire GVA Over Time

Phase	Quarter (three months)	GVA per Quarter
Pre-Covid	Q0	£4,134,000,000
Lockdown	Q1	£2,928,000,000
Restart	Q2	£3,374,000,000
	Q3	£3,374,000,000
Revitalise	Q4	£3,843,000,000
	Q5	£3,843,000,000
	Q6	£3,843,000,000
	Q7	£3,843,000,000
Growth	Q8	£4,113,000,000
	Q9	£4,113,000,000
	Q10	£4,113,000,000
	Q11	£4,113,000,000
	Q12	£4,113,000,000

Figure 1.1: Impact on Total Gloucestershire GVA Over Time

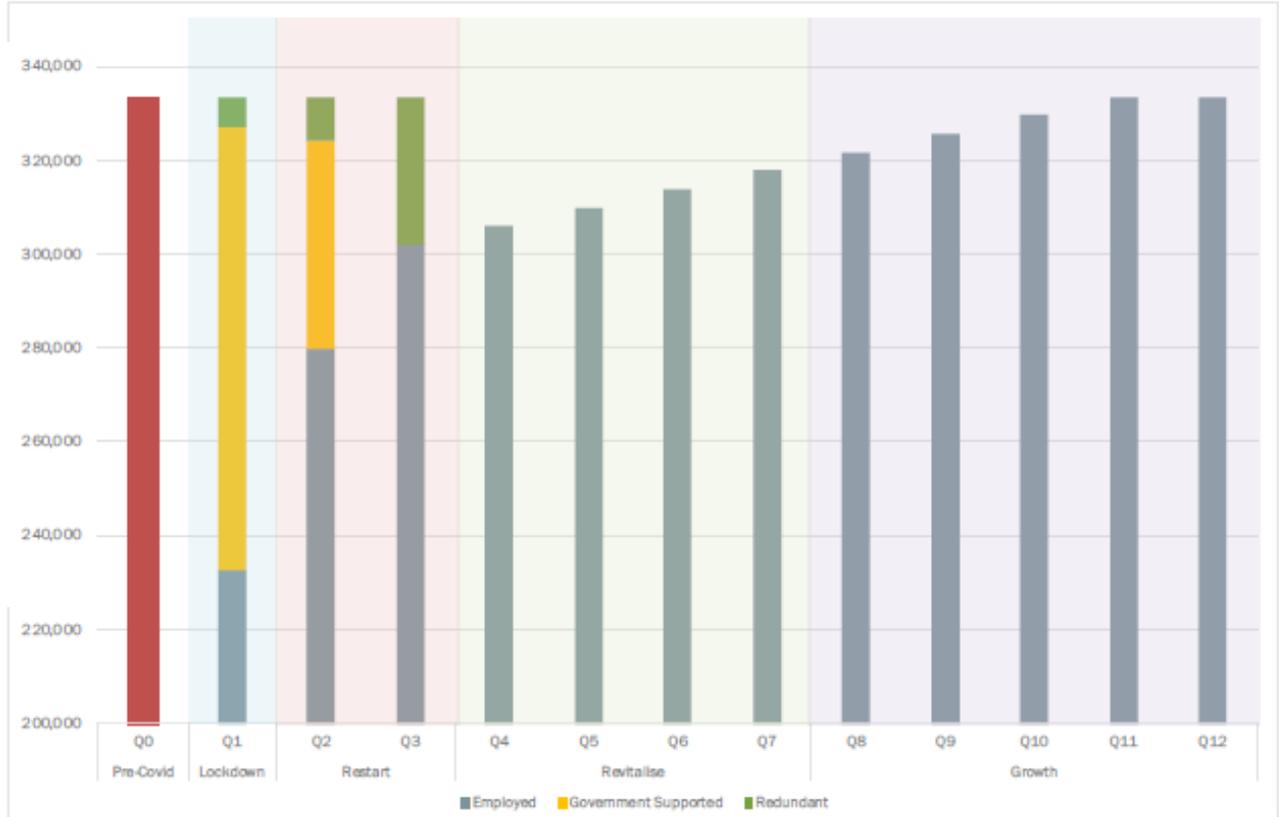


# What redundancy impact is Gloucestershire trying to recover from?

Figure 2.2: Impact on Employment Over Time

Phase	Quarter	Employed	Government Supported	Redundant
Pre-Covid	Q0	334,000		
Lockdown	Q1	233,000	95,000	6,000
Restart	Q2	280,000	44,000	9,000
	Q3	302,000	-	31,000
Revitalise	Q4	306,000		
	Q5	310,000		
	Q6	314,000		
	Q7	318,000		
Growth	Q8	322,000		
	Q9	326,000		
	Q10	330,000		
	Q11	334,000		
	Q12	334,000		

Figure 2.1: Impact on Total Gloucestershire Employment Over Time



## Gfirst Business Impact Survey 26/05/20 – 01/06/20

Is COVID-19 affecting your business?	
Yes, negatively	89%
Yes, positively	9%
Not yet	2%
No	0%

Are you or any of your staff currently furloughed?	
Yes	52%
No	48%
Not sure	0%

What proportion of those currently on furlough do you envisage returning to their roles?	
100%	45%
More than 50%	31%
Less than 50%	21%
None	3%

How do you see your staffing levels changing over the next 6 months in terms of FTE?	
Increasing	3%
Maintaining	68%
Decreasing	29%

Is your business currently fully operational?	
Yes	20%
No	80%

When do you anticipate that your business will return to some level of operational activity?	
Within the next 4 weeks	4%
Within the next 2 months	11%
Within the next 3 months	20%
Within the next 6 months	42%
More than 6 months	9%
Uncertain that we will return at all	13%

What are the three biggest risks your business is facing in the next 6 months?	
Loss of domestic clients	63%
Changing market trends	32%
Loss of seasonal trade	29%
Impact on personal financial situation	27%
Managing cash flow	25%
Adapting workplace for social distancing for customers/clients	23%
Loss of international clients	21%
Payment of staff wages	16%
Adapting workplace for social distancing for staff	13%
Possible cessation of trading	13%
Uncertainty around in-person events	13%

## Business Sector views

### Cyber

- Growth sector; Work from home, online operations, security of teleconferencing, cyber risks
- Employees and skill needs for Cyber Central

### Energy

- Potential Growth sector
- Gloucestershire strong on Carbon Agenda with innovative companies
- Alternative transportation methods
- Green power sources
- Energy efficient buildings

### Agri, Food & Rural

- Immediate impacts dairy, supply to catering and events, crop picking
- Not just COVID but weather extremes
- Struggling farmers diversified into Tourism capital investments now suffering

### Construction & Infrastructure

- Initial site closures now lifting
- Desire to build still exists and potential for more home building
- City regions and communities
- Green infrastructure & new transport solutions
- Change to use of Commercial sites
- Barriers to Development – Planning rules, timescales and construction site restrictions, change of use

## Business Sector views

### AEM

- Short term many continuing operations to fulfil existing contracts
- Severe impact longer term after those contracts end
- Existence of long-term contracts impacted by global economy
- 25% redundancies, defence contracts may partially mitigate
- Skills shortages in semi-skilled (welding, electrical components and highly experienced areas) might still exist

### Visitor Economy and Tourism

- Immediate and severe impact
- Poor visitor experiences will lead to negative press
- Cash flow, small businesses strained and no access to finance
- Less customers & reduced margins v same costs = closures and redundancies
- 4 July reopening is attracting enquiries, but may now be mid-July
- “Three winters of trading”

### Retail & High Street

- Immediate and severe impact
- Some stories of businesses pivoting to online success
- 15 June fears (unmanaged crowds) & ambitions (lower footfall with bigger basket sizes)
- Managing 2m in store difficult but but in shared space outside stores...
- Optimism over increased Localism

## Overarching themes

- **Furloughing**; masking redundancies and the businesses that have already failed
- **Physical Distancing**; the cost, uncertainty, process changes and logistics of maintaining a 2m gap
- **18-24 year old employment**; redundancy will be higher than average as in retail, visitor economy, low skilled, zero hour contracts, apprenticeships c.30% vs c.10% average. Support schemes essential
- **Health & well being**; mental health impacts of lockdown, business closures, reduction of support networks family/schools/colleges, economic anxiety & lack of youth prospects. Well being impact of underlying non-COVID conditions being undiagnosed/treated
- **Voluntary sector**; increased need and potential for volunteers but limited cashflow will restrict services
- **Arts & Culture**; problems; no funds, audience reluctance, physical distance in venues
- **Carbon neutrality**; prospect for advancing the Carbon Agenda at an increased pace
- **Broadband**; the digital divide has become more transparent; education, WFH, access to digitalised services
- **Collaborative working**; increased possibility to learn across county institutions and sectors
- **Work from Home**; positive move for work/life balance, climate change, transportation, health & well being

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