

Forward Plan Reference number: Not Applicable

Report title: Drawdown from Recovery Reserve: Economic Recovery Programme	
Report to: Cllr Chris Whitbread – Cabinet Member for Finance	
Report author: Mark Carroll – Executive Director for Place and Public Health	
Date: 12 October 2020	For: Decision
Enquiries to: Andrew Burgess, Head of Economic Growth Andrew.Burgess@Essex.gov.uk	
County Divisions affected: All Essex	

1. Purpose of report

- 1.1 This report asks the Cabinet Member to agree to the draw down of funds from the Recovery Reserve to develop a Programme of work to support the recovery of the Essex economy in response to rapidly increasing rates of unemployment caused by the Covid-19 pandemic.

2. Recommendations

- 2.1 Agree to the drawdown of £2,800,000 from the Recovery Reserve for the purposes of implementing a Programme to respond to the ongoing economic recovery where £2.218m relates to the Economic Development portfolio, £442,000 for project management in Customer, Communities, Culture and Corporate portfolio and £140,000 for communication activities in the Leader portfolio. The Programme will develop new approaches to support long-term economic growth as per the profile below:

2020/21 £000	2021/22 £000	2022/23 £000	Total
691	1,884	225	2,800

3. Summary of issue

- 3.1 The Council proposes to develop an Economic Recovery Programme in response to the ongoing unemployment crisis in Essex
- 3.2 This Programme is in response to the significant concerns regarding the future of the Essex economy, as indicated by:
- An unprecedented surge in unemployment in Essex, with the claimant count for August of 71,290 still at its highest since the 1990s recession

- An estimated 108,000 residents currently furloughed. In total, this amounts to 22% of Essex receiving some form of government fiscal support
- Unemployment is disproportionately impacting young people aged 16-24, with 12.4% of the under 25 workforce having made a Jobseekers claim, compared to 9.0% of the 25 – 34s, 6.9% of the 35 – 49s, and 5.3% of the over 50s in July 2020
- Areas in deprivation are less resilient to economic shocks, but Covid-19 is impacting all parts of the county, even those previously well known for their economic prosperity. Four districts within Essex (Harlow, Braintree, Epping Forest and Tendring) are among the local authorities with the highest proportion of furloughed workers in England and are seeing the number of furloughed employees significantly above the national and regional averages at 32%
- We are now starting to see these impacts at an economic level with dramatic reductions in GDP and record falls in national output for production and services reported between March and July 2020. An easing of social restrictions has enabled monthly gross domestic product (GDP) to rise by 6.6% during July 2020 but still remains 11.7% below February 2020 levels, with 72% of national businesses reporting a large revenue drop
- The current cycle of restrictions being imposed and eased means that the economic future for Essex is hard to predict, but sectors that are key to the Essex economy, especially in our coastal communities, have been and continue to be significantly impacted. Travel, hospitality, retail, construction and leisure sectors generate between 15-40% GVA and have reported falls in output of 40-92% between March and July 2020. The risk of economic scarring is a challenge with significant numbers of businesses within these sectors predicting that their turnover will still be lower in 3 years' time

3.3 As a response to these challenges, the Economic Recovery Programme will consist of the following initiatives:

Recovery Priority	Key Initiatives	Impact Summary	Delivery Date	Additional Investment
Direct Support for Business	<ul style="list-style-type: none"> • New ECC Business Support Function (go live April 21) providing prompt access to 5 pillars of bespoke advice and support around: <ol style="list-style-type: none"> 1 - Finance & Risk 2 - Customer 3 - Supply Chain 4 - Workplace 	<ul style="list-style-type: none"> • 1500 engagements with Businesses (year 1) providing customised advice & support • Further impact of business support service subject to cabinet member agreement on procurement 	<ul style="list-style-type: none"> • New Business Support Service Go Live - Apr 21 to Mar 22 	£350,000

Recovery Priority	Key Initiatives	Impact Summary	Delivery Date	Additional Investment
	<p>Operations & Digital Transformation 5 – Human Resources</p> <ul style="list-style-type: none"> Developing New Business investment propositions in emerging sectors and start-ups (separate business case to follow) 	<p>specification (Dec 20)</p> <ul style="list-style-type: none"> Business Investment Impacts (TBC via separate business case) 		
Enabling Residents to Access Work and Skills Opportunities	<ul style="list-style-type: none"> Kickstart Essex Information & Guidance Portal Apprenticeship Levy Transfer Hub & Portal Development work for longer-term skills strategy (green jobs/digitally enabled roles/high productivity) Unemployment support service (those less than 13 weeks unemployed) Unemployed to Self Employed Pilot 	<p>Minimum Target of</p> <ul style="list-style-type: none"> 500 Kickstart Essex Jobs 500 Anchor Jobs 300 Apprenticeships + 30 Nursing Apprenticeships 900 Essex Residents Skills Matched to New Jobs 960,000 IAG Portal Hits S106 Skills Funding For 282 Apprenticeships 329 School / College Outreach Days 569 Work Placements 8 Supported Employments 30 Self-Employment Trainees 	<ul style="list-style-type: none"> Entry Level Gov Funded Schemes - Nov 20 to Dec 21 IAG Portal Launch - Feb 21 (additional enhancements from Feb 21) Apprenticeship Hub Established - Nov 20 (enhanced offer from Jan 21) Newly Unemployed Pilot Launch - Nov 20 Increasing S106 Developer Skills Contributions – Dec 20 Business Accelerator Scheme – Oct 20 	£738,000
Supporting Green Growth	<ul style="list-style-type: none"> Supporting Green Growth via ECC capital Investments Developing a Sector Growth Plan Securing initial funds to support green growth ambitions (Social Housing Decarbonisation Fund, Green Homes Grant, Public Sector Decarbonisation Scheme, Public Sector Low Carbon 	<ul style="list-style-type: none"> External funding secured to support green growth Developing a Sector Growth Strategy to inform Phase 2 - Existing initiatives requiring resource for delivery include: Net Zero Innovation Network bring together key Essex Partners & Business to explore sustainable energy for new build homes in Essex £30m total investment in 	<ul style="list-style-type: none"> Green Sector Plan – March 21 (incorporated into longer-term Inward Investment Strategy) New Schools Carbon Neutral by 22/23 Commission for Local Green Skills Infrastructure – Jan to May 21 	£216,000

Recovery Priority	Key Initiatives	Impact Summary	Delivery Date	Additional Investment
	<ul style="list-style-type: none"> Skills Fund Equipping Essex residents with skills For the green economy 	<ul style="list-style-type: none"> Colchester Rapid Transport System for sustainable travel £2.7m Low Carbon Across the South East (LoCASE) grant funding scheme to reduce carbon emissions through energy efficiency / generation/ electric vehicles £3.1m South East New Energy (SENE) grant funding to develop a new zero housing scheme via Modern Methods of Construction (MMC) Braintree Electric Forecourt Project 	<ul style="list-style-type: none"> Green Homes Grant Skills Training Bid – Oct 20 Further £20m Secured for Colchester Rapid Transport System – Nov 20 Funding Bid Net Zero Innovation Network – Feb 21 LoCASE Scheme Delivery – Launches Dec 20 SENE Scheme Delivery – Launches Jan 21 Braintree Electric Forecourt - Go Live Nov 20 	
Securing Investment for Town Centre Regeneration & Housing Growth	<ul style="list-style-type: none"> Getting Building Fund Scheme delivery Future High Streets Scheme delivery Colchester Town Centre regeneration delivery Clacton Town Centre Future Schemes planning Ensuring that ECC is supporting town centres to transition in response to changing trading conditions Harlow Town Centre Regeneration and Partnership Investments Housing Infrastructure Funds 	<ul style="list-style-type: none"> Industry estimate of new jobs created via: £200m Town Centres Investments equates To 2,000 Jobs £35m Getting Building Fund equates To 350 Jobs £2m Towns Fund equates To 20 Jobs £50m Future High Streets Fund equates To 50 Jobs 385 new homes through Garden Communities Investment equates To 2475 Jobs Completion of 19 replacement classrooms Investment of up to £6m in school projects from S106 reserves by Dec 2021 Essex Housing delivery of 70 private homes, 70 independent living homes with a GDV 	<ul style="list-style-type: none"> New Homes Delivery – By Jul 22 External Funding Scheme Delivery (GBF, FHSF, Towns Fund) - Dec 20 to Mar 22 Inward Investment Strategy – Launch Jan 21 Housing Infrastructure Bids – Submit Oct 20 Harlow Gilston Sustainable Transport Corridor – Commence Delivery Jul 22 Replacement School Classroom Delivery – Sep 21 to Mar 22 	£317,000

Recovery Priority	Key Initiatives	Impact Summary	Delivery Date	Additional Investment
		<ul style="list-style-type: none"> of £37.66m, supporting 433 new jobs Housing Infrastructure Bids 	<ul style="list-style-type: none"> New S106 School Improvements – by Dec 21 Essex Housing LLPs – by Jul 20 	
Essex Open for Business Campaigns	<ul style="list-style-type: none"> Campaign 1 - Visiting key retail, cultural and tourism sites in Essex Campaign 2 - Tourism Recovery – Encourage people to visit and book vacations & short breaks in Essex 	<ul style="list-style-type: none"> Target Reach Local Residents - 600,000 Target Reach Visitors – 5m ECC Facebook Reach - up to 25m people ECC Twitter Reach – up to 65m people 	<ul style="list-style-type: none"> Campaign 1 - Autumn & Winter 20 Campaign 2 – Spring 21 	£150,000
Developing an Inward Investment Strategy & Capital Pipeline	<ul style="list-style-type: none"> Short-term capacity to respond to Inward Investment queries via DIT Establishing an economic growth pipeline and investment fund (decision to be taken as part of Phase 2) Developing a long-term Inward Investment Strategy For Essex 	<ul style="list-style-type: none"> £100m Economic Recovery & Growth Fund for Essex (jobs impact to be agreed at fund decision point but potential to support 3,500 jobs and 11,000 new homes over 20 years) Developing a strategy to inform Phase 2 (alignment of Essex business promotional activity) Impact of Inward Investment Strategy to be agreed on business case agreement. Work to establish strategy and investment case 	<ul style="list-style-type: none"> Economic Recovery & Growth Fund Approved - Feb 21 Economic Growth Pipeline Established – March 21 Essex Inward Investment Strategy and business case for investment – March 21 	£277,000
Anchors Programme: Securing Investment Into Essex	<ul style="list-style-type: none"> Developing an evidence base to support the Anchors Programme Working across public sector and private organisation on re-design of policy and approaches Harnessing ECC's supply chain value of over £1.2bn pa to bring further investment to Essex businesses and residents 	<ul style="list-style-type: none"> Impact summary to be developed on publication of Anchors Strategy via the Essex Partners Board Potential for significant job generation and training opportunities TBC 	<ul style="list-style-type: none"> Scoping & Initial Stakeholder Engagement Complete – Oct 20 Anchor Charter - Nov 20 TBC 	£170,000

Recovery Priority	Key Initiatives	Impact Summary	Delivery Date	Additional Investment
Additional Programme Delivery Costs	<ul style="list-style-type: none"> Communications Officers to deliver proactive recovery communications campaigns and impact monitoring Project Management capacity (1 Prog. Manager, 3.0 Project Managers, 1.0 Assistant Project Manager) Finance Business Partners 	<ul style="list-style-type: none"> Communications plan with a proactive pipeline of initiatives An audience segment and channel strategy with evaluation measures Strong partnership networks Programme Delivery Planning & Rigour Programme Risk, Dependencies & Budget Management Benefits Realisation Governance, Progress Reporting 	<ul style="list-style-type: none"> Comms Support - Oct 20 to Apr 22 Delivery Support & Prog Management – Dec 20 to April 22 Evidence Base Established – Oct 20 	£140,000 Comms Resource £442,000 PM Resource
Subtotal				£2,800,000
Maximising ECC's Role as an Anchor Institution	<ul style="list-style-type: none"> New Kickstart Placements Creation of entry level roles Nightingale Bursary Social Value Standards in Procurement 	<ul style="list-style-type: none"> Min of 210 new entry level roles including inclusive apprenticeships and care leaver opportunities £3.6m of Social Value Investment and 210 additional Entry Level Roles across Essex 	<ul style="list-style-type: none"> ECC Entry Level Employment via Gov Funded Schemes - Nov 20 to Dec 21 Social Value Weighting in Procurement Contracts – Dec 20 Ongoing 	£315,000 (Separate CMA in place)
Digital Connectivity	<ul style="list-style-type: none"> Digital Connectivity strategy in development 	<ul style="list-style-type: none"> Essex has world class Digital Infrastructure as a firm foundation for future economic growth 	<ul style="list-style-type: none"> Digital Connectivity Strategy for Essex – Feb 21 	£200,000 (Separate CMA in place)

- 3.4 The development and implementation of this Programme requires the procurement of a Business Support services contract. The current contract expires on 31.03.21 and will be re-procured, with a new specification that responds to needs arising from the Covid-19 pandemic for a 12-month period
- 3.5 This Programme is designed to support the council's ambitions to deliver "inclusive Economic Growth" as set out in the Council's Organisation Strategy (2017-2021) and aims to create or sustain up to 3000 jobs in Essex up to December 2021, whilst also ensuring plans are in place to support longer-term economic growth beyond this period and up to 2025
- 3.6 The main driver for this Programme is the high unemployment rate in Essex as a direct consequence of the Covid-19 pandemic. Given the potential for both macro-economic and micro-economic change as a result of further social or economic restrictions, an evidence base will be continuously maintained to enable an agile basis for Programme decision making.

- 3.7 The Programme will also respond to any forthcoming national fiscal policies in relation to economic recovery and will deliver the Council's contribution to the Future High Street Fund (Harlow and Clacton-on-Sea), Town Deal (Harlow and Colchester) and Getting Building Fund (pan-Essex) schemes as key levers for economic growth.
- 3.8 Consultation with Essex leaders and chief executives on the areas of focus for economic recovery was undertaken in Sep 2020 and a series of discussions with Essex businesses is also planned to take place in Oct 2020.

4. Options

- 4.1 **Option 1:** Although it is an option not to take any action, economic recovery and employment opportunities are key priority areas, so as the key priority areas of focus over the next 24 months, the consequences of not responding to the profound economic effects of Covid-19 would increase the significant adverse impacts on the residents of Essex. Thus, this option is not recommended
- 4.2 **Option 2:** (Recommended) Approve the requested investment of £2,800,000 for additional resource for 18 months to deliver the ECC Economic Recovery Programme as set out in 3.3 above.

5. Issues for consideration

- 5.1 **Financial implications:** The 2020/21 budgets for Economic Growth have been reviewed and where possible, reprioritised onto Economic Growth Recovery activities including COVID response at the start of the financial year. This totals £2.4m of existing budget which has been reprioritised for 2020/21. Ambitions for further Economic Growth Recovery activity totalling £2.8m as detailed in 3.3 have been identified in addition to the work currently underway which is funded from existing budgets. This additional work is requested to be drawn down from the Recovery Reserve. The programme of work is planned to span 2020/21-2023/24, with the majority of activity occurring in 2021/22, as per the table below (staffing will be on fixed term contracts of 12-18 months in length). £2.218m relates to Economic Development portfolio, £442,000 for project management in Customer, Communities, Culture and Corporate portfolio and £140,000 for communication activities in the Leader portfolio

Programme of work	Portfolio		2020/21 £000	2021/22 £000	2022/23 £000	Total
Direct Support for Business	Economic Development	Staffing	-	-	-	-
		Non Staffing	-	350	-	350
		Total	-	350	-	350
Enabling Residents to Access Work and Skills Opportunities	Economic Development	Staffing	115	244	29	388
		Non Staffing	240	110	-	350
		Total	355	354	29	738
Supporting Green Growth	Economic Development	Staffing	36	144	36	216
		Non Staffing	-	-	-	-
		Total	36	144	36	216
Securing Investment for Town Centre Regeneration & Housing Growth	Economic Development	Staffing	53	211	53	317
		Non Staffing	-	-	-	-
		Total	53	211	53	317
Essex Open for Business Campaigns	Economic Development	Staffing	-	-	-	-
		Non Staffing	50	100	-	150
		Total	50	100	-	150
Developing an Inward Investment Strategy & Capital Pipeline	Economic Development	Staffing	29	103	15	147
		Non Staffing	10	120	-	130
		Total	39	223	15	277
Anchors Programme: Securing Investment into Essex	Economic Development	Staffing	23	94	23	140
		Non Staffing	20	10	-	30
		Total	43	104	23	170
Additional Programme Delivery Costs: Programme support	Customer, Communities, Culture and	Staffing	92	304	46	442
		Non Staffing	-	-	-	-
		Total	92	304	46	442
Additional Programme Delivery Costs: Communications	Leader of the Council	Staffing	23	94	23	140
		Non Staffing	-	-	-	-
		Total	23	94	23	140
TOTAL			691	1,884	225	2,800

5.2 Legal implications

5.2.1 The Council's financial regulations state that all drawdowns from reserves must be approved by the Cabinet Member for Resources. Drawing down of money from reserves does not authorise any expenditure that is a key decision or any significant changes to ECC services or funding which must be authorised by the relevant Cabinet Member.

6. Equality and Diversity implications

6.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

6.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil

partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

- 6.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

6. List of appendices

- 7.1 Equality Impact Assessment

7. List of Background papers

Coronavirus, Claimant Counts and Furlough Data Pack (September 20)
ECC Organisation Strategy

I approve the above recommendations set out above for the reasons set out in the report.	Date 20 October 2020
Councillor Chris Whitbread, Cabinet Member for Finance	

In consultation with:

Role	Date
Leader of the Council	20 October 2020
Cllr David Finch	
Cabinet Member for Economic Development	15 October 2020
Cllr Tony Ball	
Cabinet Member for Customer, Communities, Culture and Corporate	19 October 2020
Cllr Susan Barker	
Executive Director for Place and Public Health	12 October 2020
Mark Carroll	
Executive Director, Finance and Technology (S151 Officer)	12 October 2020
Nicole Wood	

Director, Legal and Assurance (Monitoring Officer) Paul Turner	13 October 2020
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