

Meeting date: 22nd September 2020
Report to: Economic Development & Managed Growth Scrutiny Board



Subject/report title: Solihull's Economic Recovery Plan
Report from: Director of Economy and Infrastructure
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Wards affected:

All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph:

1. Purpose of Report

1.1 To provide an opportunity for members of the Economic Development & Managed Growth Scrutiny Board to receive an update on the Economic Recovery Plan for Solihull (Appendix 1) which is being developed and implemented by the Council, with others, to support the Borough's economic recovery from the Covid-19 pandemic.

2. Decisions recommended

2.1 To note the latest information on economic impacts of the pandemic on the Borough;
2.2 To consider and comment on the updated Economic Recovery Plan for Solihull (Appendix 1).

3. What is the issue?

3.1 The Covid-19 pandemic and the response of governments is having a major impact across the global economy. Despite a return to growth in May, UK GDP is 11.7% lower than in February and hospitality industry output is down 60.1%. The UK unemployment rate rose to 4.1% in the three month period May to July (compared to 3.8% last year) (source: ONS Labour Force Survey). This increase was concentrated amongst young people aged 16 to 24. Whilst redundancy levels remain well below that seen during the 2008 downturn, the rate of increase is the largest since 2009, and

is expected to rise as the Job Retention Scheme ends in October. Job vacancy levels improved in Q2 but remain significantly below pre-virus levels. The Bank of England does not expect the economy to exceed its 'pre-crisis' level until the end of 2021 and expects unemployment to rise to 7.5% by the end of the year (Bank of England Monetary Policy Report, August 2020).

- 3.2 KPMG¹ note that the economic impact is strong sector-biased with the greatest damage falling on the travel, hospitality and recreation sectors. KPMG estimate that output in travel agencies and the air transport sectors will be more than 57% down this year. Areas linked to air travel, with a high geographical concentration of employment around large airports, are highlighted as particularly exposed. As the location for Birmingham Airport, employment in air transport is higher than average in Solihull (1,250 jobs in 2018, source: Solihull Observatory).
- 3.3 Monitoring of regional economic impacts in late August (source: WM REDI) showed a strong improvement in the West Midlands Business Activity Index between April and July and an improvement in anticipated future business activity. However, there are concerns that key capital assets in the region are under some threat. The regional sector impact has been greatest in the hospitality industry with 8.1% of businesses pausing or ceasing trade. There are also concerns about the significant risk amongst businesses reliant on the aerospace and automotive sectors. The impact on poorer communities is disproportionate given their lower levels of resilience in terms of health and household finances and greater dependence on low paid, insecure employment.
- 3.4 Solihull is experiencing significant negative economic impacts. The Borough's principal economic assets – Jaguar Land Rover, the NEC and Birmingham Airport have all been significantly affected, as have their supply chains. Businesses in most sectors have experienced significant disruption and lost sales, and 34,100 Solihull residents were furloughed at the end of July, representing the highest rate amongst West Midlands upper tier authorities as a proportion of the working age population (Appendix 2). There has been a particular concentration of furloughed jobs in hospitality; manufacturing; banking, finance and insurance; and construction. As of the end of June, 6,200 Solihull residents were receiving self-employment support.
- 3.5 The number of Solihull residents claiming unemployment benefit more than doubled between April and August (+111%) compared to the six month average preceding lockdown to a rate of 5.9% in August (Appendix 2). The rate of increase was much lower in North Solihull than in the rest of the Borough (+55% compared to +171%) although the rate remains much higher in North Solihull at 12.3% compared to 4.5% in the rest of the Borough. Claimant unemployment amongst young people aged 18-24 also more than doubled (+108%) with a much higher rate of increase outside North Solihull (+173% compared to +52% in North Solihull) although the rate in North Solihull is much higher at 19% compared to 8.7% in the rest of the Borough (11.1% for the Borough). Job and apprenticeships postings in the GBSLEP area have improved but remain -38% and -21% below baseline.
- 3.6 Indicators of Solihull's continued attractiveness for investment are more positive, with ongoing inward investor enquiries since the pandemic and new investments, including

¹ <https://assets.kpmg/.../uk/pdf/2020/08/uk-economic-outlook-sep-2020>

three Foreign Direct Investments between April and June (Q1) (Appendix 2). Furthermore, a number of Solihull businesses have been quick to adapt their business models during the pandemic and/or to diversify into new markets (e.g. for PPE), and, although demand remains weakened, residents are supportive of their local high streets and stakeholders, including the Council, are working well together to support a safe reopening of local high streets. Visitor economy businesses face ongoing challenges.

- 3.7 A £3.2 billion regional investment case to Government for 'Kickstarting the West Midlands Economy' was submitted to Government in June targeting the creation of green manufacturing jobs, maximising the benefits of HS2, Coventry City of Culture and Birmingham 2022 Commonwealth Games and investing in healthcare innovation. This included a £95 million ask to accelerate development plans for the HS2 Interchange site at Arden Cross including development of a Health and Innovation Campus. The Government has indicated that it will be publishing a Devolution and Local Recovery White Paper in the early autumn.
- 3.8 Sector recovery plans are being developed for the West Midlands by the LEPs and the West Midlands Growth Company (as regards the visitor economy), building on the work undertaken as part of the Local Industrial Strategy development process. Local authority input to the development of the plans including to facilitate business engagement is to be sought.
- 3.9 The West Midlands Combined Authority has published a blueprint for an environmental recovery, building on the existing commitment to make the region carbon neutral by 2041. The strategy sets out how the region can rebuild the economy in a way that drives green and inclusive growth via a range of initiatives including housing retrofit, accelerating the transition to electric vehicles, active transport initiatives and investment in green neighbourhoods and natural capital.
- 3.10 Solihull's Covid-19 Economic Recovery Plan is key to achieving the Council Plan to 2025 for sustainable inclusive growth in Solihull "*where everyone has an equal chance to be healthier, happier, safer and more prosperous through growth that creates opportunities for all*" - by building a vibrant economy, promoting and delivering social value, enabling communities to thrive, auctioning our climate change declaration and improving skills and access to good work. It is a 'whole Borough' Plan that aims to support residents and businesses Borough-wide, including in disadvantaged communities, and across all of the Borough's towns and local centres.
- 3.11 The Economic Recovery Plan has been developed further since it was brought to the Scrutiny Board in June, in the light of the comments made by the Scrutiny Board and needs and opportunities identified in a number of areas (Appendix 1):

a) Supporting People:

- i) As regards schools reopening, ensuring safe transport to school for pupils has emerged as a priority and area of risk. The Council has secured additional contracts and vehicles so that pupils can be transported to schools safely and Transport for the West Midlands (TfWM) has declared some public transport routes 'school only'.

- ii) As regards support for school leavers, particularly those most at risk of becoming NEET (Not in Employment Education or Training), ESF-funding for employability and skills support for those at risk has been secured ('Risk of NEETs') and ESF-funded support for those who are NEET ('Youth Promise Plus') has been assigned to schools to enable prompt referrals.
- iii) Tracking of actual and potential redundancies is a priority and the Council is working with Jobcentre Plus and the National Careers Service and other regional partners to monitor redundancy levels, establish clear referral routes into Council-run employment support programmes and to monitor and ensure sufficient capacity to support local residents.
- iv) There has been ongoing development and implementation of measures to support workforce mental and physical health and well-being. These include delivery of a Bereavement Support service, development of Suicide Prevention, development of a Mental Health Awareness Plan, and a partnership project with SCH and the voluntary and community sector to address social isolation and loneliness, mental health, physical activity and digital exclusion. There is ongoing monitoring of health and disability barriers facing those seeking employment support from Council-run programmes and referral to health services where appropriate.
- v) As regards the role of businesses in supporting vulnerable groups, including people who are long-term unemployed, young people who are NEET and disadvantaged groups in the labour market (e.g. young offenders and people with disabilities), this is reflected in the Council's approach to securing social value via Council contracts, including support for social enterprises and voluntary and community sector organisations. Over the past 12 months the Council has secured social value offers from contractors valued at over £2 million and is working with suppliers to convert those offers, although there have been some delays imposed by Covid-19. Developing current and potential suppliers understanding and capability to respond to public sector social value requirements is a focus for a workshop being organised by the Council, Chamber and FSB in September.

b) Supporting Businesses:

- i) As regards support for businesses, a focus on encouraging residents to 'Think Local' has been incorporated into the Plan and is being implemented via comms messaging including within the Borough's towns and local centres and provision of a 'store tracker' on the Solihull for Success website.
- ii) Support for businesses in the Borough's towns and local centres, including hospitality businesses, has been a key area of focus for Plan development, as part of wider measures to ensure the safe reopening of centres, including using the national Reopening High Streets Safely Fund. Support measures include communicating the latest guidance to businesses, comms and practical support measures to encourage and support consumers to shop locally and safely (including provision of 'floor' stickers, face masks and hand sanitizer), implementation of a temporary regime for the issuing of

pavement licences to support hospitality businesses. The Council has also used the Fund to appoint three temporary Business Investment Officers to support traders in towns and local centres and develop direct engagement with traders, building on the engagement work already undertaken in Shirley. With the Council's intervention, a LEP retail recovery planning webinar has been delivered locally and a LEP-funded 'Click & Drop' (ShopAppy) digital platform is in place to support Shirley traders with the potential to extend the platform into other local centres if there is demand from traders.

- iii) The Plan has been updated to reflect the completion of the national business support measures and the introduction of ERDF-funded 'Kickstarting Tourism' grants for visitor economy SMEs and 'recovery grants' for SMEs in the wider economy (£1,000 to £3,000 or up to £5,000 in exceptional circumstances), which will be delivered via the LEP Growth Hub later this month.
- iv) Linking local businesses to supply chain opportunities, particularly to HS2 contracts, Coventry City of Culture and Birmingham Commonwealth Games opportunities, and other public sector opportunities remains a priority within the Plan. The Council is promoting HS2's weekly supplier engagement webinars to local businesses and is working with the FSB and Chamber to deliver a webinar in September to raise awareness of public sector, particularly Council, opportunities and social value requirements.
- v) A programme of high-level engagement with major employers in the Borough. Where Council action is needed and appropriate to support the recovery of these businesses, or opportunities are identified that support the Council's goals for local economic recovery, follow-up action is being taken. For example, opportunities are being identified and followed-up to engage large employers in supporting the Council's Climate Change interventions and in identifying and influencing priorities for workforce skills development. The insights obtained from these engagements are also significant in understanding the impacts of the pandemic on the local economy and in informing the Council's engagement with regional recovery planning.

c) Investment Projects and Place:

- i) Plan priorities as regards 'Place' remain realising the HS2 Interchange site opportunity, supporting the recovery of the Borough's towns and local centres and supporting the recovery of the visitor economy.
- ii) As regards the HS2 Interchange site, a £95m Government funding ask was submitted as part of the regional region's recovery investment case, which continues to be pursued, and work is being progressed to bring forward a comprehensive master plan for Arden Cross.
- iii) Town and local centre recovery plans continue to be progressed with local centre stakeholders. This includes the development of a refreshed Shirley Economic Plan which has been consulted on with Shirley Marketing Group and ward Councillors, the results of which will be brought to Full Cabinet in

September. The Council's approach to supporting the recovery of the Borough's towns and local centres, working with local stakeholders and the LEP, is being highlighted as a good practice case study by the LGA. Redevelopment plans for Kingshurst Village Centre and Chelmsley Wood Town Centre continue to be progressed. Cabinet recently approved a £200,000 injection of resources to support this element of the recovery plan.

- iv) Engagement with tourism and cultural businesses since lockdown has been limited due to furlough for many sector employees. However the Council is and will continue to progress local actions to support recovery; to work with the West Midlands Growth Company and GBSLEP to bring forward regional recovery actions that benefit Solihull; and to engage with Solihull Tourism Forum and to plan Forum activities in preparation for when businesses get ready to re-open and staff are back from furlough.
 - v) As regards the role of housing in the economic recovery, the Council continues to progress UKC Infrastructure Programme schemes to accelerate housing delivery in line with the draft Local Plan Review.
- d) Green recovery: Work has been undertaken to identify and bring forward added value actions to support a 'green recovery' that are additional to and complement the actions already being undertaken to deliver the Council's Climate Change Prospectus and net zero commitments:
- i) Include carbon and energy considerations in the Council's own recovery and reset plans to avoid any 'rebound' and capitalise on any reductions in emissions as a result of recent changes in service delivery/work practices, and ensure that Directorate Sustainability Plans as they emerge take account of this issue;
 - ii) Include consideration of 'green recovery' and associated financing opportunities, including the proposed WMCA West Midlands Green Financing initiative, in the development of a Net Zero Action Plan for the Borough which is being commissioned and which is due to be completed by the Spring. A Net Zero Feasibility Study is also being commissioned for SCH;
 - iii) Engage with the WMCA/Energy Capital Retrofit project to capture opportunities for Solihull;
 - iv) In delivering Solihull's Clean Air Strategy, identify opportunities to capitalise on current improvements and awareness to keep emissions low. In particular, continue to develop active travel in Solihull, building on the emergency measures and behaviour changes during the pandemic, including via: the Solihull Cycling and Walking Strategy that is currently being developed with a targeting of implementing two high-quality segregated cycle routes across the Borough by 2022; the UKC Infrastructure Programme; and behaviour change programmes of engagement with businesses, schools and the wider community;

- v) Develop a Natural Capital Investment Strategy and delivery programme and undertaken ongoing engagement with the WM Natural Capital Working Group to capture opportunities for Solihull, engaging in the development of a coherent approach towards natural capital across the WMCA area;
- vi) Engage in and influence WMCA action on 'Green Skills' and skills interventions brought forward via the GBSLEP-led regional recovery plan for Low Carbon Environmental Technologies & Services;
- vii) Continue to engage local businesses with opportunities to develop and adopt sustainable business practices and low carbon technologies via Solihull Sustainability Visioning Group including signposting to support programmes and initiatives such as the proposed WMCA Clean Growth (Recovery) Innovation Challenge;
- viii) Continue to develop and promote Solihull's potential and offer as a location for investors in low carbon technologies and services including, for example, continuing to explore the potential to create an Energy Innovation Zone at the UKC Hub;
- ix) Incorporate 'green recovery/bouncing back better' into the remit for Solihull's Climate Change Commission;
- x) Consider the impact of Covid-19 on engagement as part of the wider work around branding and communication of climate change activity and engage with the WMCA and its aim to develop an overarching communications strategy for WM2041 which builds on behaviour change during Covid-19.

3.12 An updated version of the Recovery Plan (Appendix 1) is provided which includes a summary of progress to date, including KPIs, and next steps actions. The regional context is recognised in the approach which seeks to both influence and capture opportunities from regional plans for Solihull's benefit. Going forwards, regional opportunities will be shaped by the refresh of the region's vision and economic strategy due to be undertaken over the autumn (which will build on the local industrial strategy and take account of the Local Recovery and Devolution White Paper) and the outcome of the Autumn Comprehensive Spending Review.

4. What options have been considered and what is the evidence telling us about them?

- 4.1 The impact of the Covid-19 pandemic and the Government's response on Solihull's economy necessitates a local policy response informed by a robust understanding of Solihull's economy within the regional, national and global context and the specific opportunities and challenges facing Solihull.
- 4.2 Solihull's developing Economic Recovery Plan reflects such an understanding of the opportunities and challenges facing Solihull via a combined focus on supporting local business and residents, particularly those who are most vulnerable to the economic effects of the pandemic and progressing the Borough's growth plans with a renewed focus on inclusive and 'green growth' as key to a sustainable and resilient recovery.

5. Reasons for recommending preferred option

- 5.1 Solihull's Economic Recovery Plan adds value to the national and regional responses by protecting the local economy and its assets, which include those of regional and national economic significance, and accelerating opportunities to unlock the potential of those assets according to an economically, socially and environmentally sustainable model of recovery that is in line with the Council's commitment to inclusive growth and the regional target of achieving net zero carbon emissions by 2041.

6. Implications and Considerations

- 6.1 Delivery of the Council's priorities:

How will the options/proposals in this report contribute to the delivery of Council Priorities:

- Improve Health and Wellbeing – the Economic Recovery Plan will be directly linked with Solihull's Health and Well-Being Strategy 2019-2022 and includes an action to update the Strategy to ensure that priority two on 'Adulthood and Work' is focused on the impact of Covid-19 on health and well-being of the workforce and the barriers preventing people accessing employment.
- Managed Growth – the Economic Recovery Plan will be delivered in accordance with the Council's commitment to "managed growth" that seeks to safeguard those assets which makes Solihull successful and ensure local benefits – *"in a way and at a pace that Solihull can sustain and that creates local benefits"*.
- Build Stronger Communities – the Economic Recovery Plan aims to protect communities in Solihull, particularly the most vulnerable, from the economic impacts of the pandemic and to develop their resilience to adapt and recover from this and future economic shocks.
- Deliver Value – the Economic Recovery Plan identifies the added value interventions that the Council will take to support the economic recovery in Solihull complementing and adding value to the national and regional response and delivering targeted interventions that reflect an in-depth understanding of local needs and opportunities.

- 6.2 Implications for children and young people, vulnerable groups and particular communities:

- 6.3 Analysis by the Solihull Observatory highlights the relative vulnerability to the economic impacts of the crisis of people with lower levels of formal qualifications and low earnings and who are living in low income households – who are more likely to be working in the sectors most vulnerable to the crisis and to be living in the Borough's most deprived neighbourhoods – particularly in the north of the Borough. Young people and those with health issues are also highlighted as being particularly vulnerable.

- 6.3.1 The Economic Recovery Plan identifies the importance of targeted support for people who are unemployed or facing unemployment from disadvantaged groups and communities including school and college leavers, particularly those most at risk of becoming NEET (Not in Education, Employment and Training). The Plan also prioritises interventions to protect vulnerable workers and to support resident, particularly workforce, health and well-being.
- 6.4 Consultation and Scrutiny:
- 6.4.1 The Economic Recovery Plan is being developed through engagement with local businesses and business organisations and regional partners including through the West Midlands Combined Authority and the Greater Birmingham & Solihull LEP.
- 6.5 Financial implications:
- 6.5.1 The Economic Recovery Plan and the Council actions it identifies have been developed with regards to the Council's available resource and funding.
- 6.5.2 However, where gaps in resources are identified, they will be fed into work that is being undertaken with regional partners to identify and seek additional resources.
- 6.6 Legal implications:
- 6.6.1 Development of the Economic Recovery Plan is a voluntary commitment by the Council.
- 6.7 Risk implications:
- 6.7.1 The main potential risk concerns the capacity of the Council and its partners to deliver the actions identified in the Plan.
- 6.7.2 The risk of partners and stakeholders not engaging with the Council to deliver the planned actions is being mitigated by early and ongoing engagement with partners and stakeholders in the development of the Plan.
- 6.8 Statutory Equality Duty:
- 6.8.1 The Plan has been informed by a vulnerability assessment by the Solihull Observatory to assess Solihull communities that are most at risk from the harmful effects of the virus from a health, economic, financial and social perspective.

7. List of appendices referred to

- 7.1 Appendix 1: Solihull's Economic Recovery Plan, full version 2, September 2020
- 7.2 Appendix 2: Monitoring the Solihull Economy, September 2020, Solihull Observatory

8. Background papers used to compile this report

- 8.1 The Solihull Economy 2019, March 2020, Solihull Observatory

<https://www.solihull.gov.uk/Portals/0/StrategiesPlansPolicies/PublicHealth/The-Solihull-Economy.pdf>

- 8.2 West Midlands Economic Impact Monitor – 21st August 2020, West Midlands Regional Economic Development Institute (WM REDI)
<https://www.birmingham.ac.uk/research/city-redi/wm-redi/economic-social-impacts-of-covid19-on-the-west-midlands.aspx>
- 8.3 ‘Recharge the West Midlands: Kickstarting the West Midlands Economy: Our Investment Case to Government’, June 2020
<https://www.wmca.org.uk/media/3975/west-midlands-economic-recovery-our-ask-and-offer-hd-spreads.pdf>

9. List of other relevant documents