

To: Oxfordshire Growth Board

Title of Report: Covid-19 Recovery

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Report of: Bev Hindle, Oxfordshire Growth Board Director
Nigel Tipple, Oxfordshire Local Enterprise Partnership
Chief Executive

Status: Public

Executive Summary and Purpose:

This report provides the Board with an overview of the collective approach being taken within Oxfordshire to support the local economic and wider recovery in response to the Covid-19 pandemic.

Recommendation:

That the Growth Board support the approach to recovery as set out in this report.

Appendices:

Appendix 1: Timeline of key events in the response to Covid-19

Appendix 2: Slides from OxLEP on Covid-19 Economic Responses & Recovery Planning

Introduction

1. On 2 June 2020 the Growth Board received an update concerning the early impact of the Covid-19 pandemic on the Oxfordshire Housing and Growth Deal. This report takes a wider look at the collective approach to local recovery across Oxfordshire and between partners, with a specific focus on economic recovery and the preparation of an Economic Recovery Plan for Oxfordshire. The development and implementation of that Plan, together with its integration with other key strategy documents, will be critical in providing a framework to lead us out of the current crisis. It is intended that this paper will bring all partners and the public up to date with some of the work that has been taking place at pace in response to the pandemic.
2. Governments across the world, both local and national, have taken unprecedented steps to support local populations and economies through strict restrictions on economic activity and the movement of people. Despite measures to limit its impact, the pandemic has caused the most significant economic shock in a generation amidst the most tragic circumstances. The International Monetary Fund forecasts that as a result of the pandemic, the global economy

will contract by 3 per cent in 2020 –a much more severe contraction than during the 2008-09 financial crisis.

3. The challenge remains however to restart the economy and get back to normality, whilst avoiding a new wave of cases. With scores of pioneering academic institutions, many hundreds of innovative life sciences companies and unique research facilities, it cannot be underestimated just how well placed, vibrant and eminent Oxfordshire's contribution to the global response is and will be. Oxfordshire's response to COVID-19 was immediate – a mass-mobilisation which is witnessing ground-breaking research around vaccines, diagnostics and treatments, all within a unique ecosystem, in addition to the rapid acceleration of the Vaccines Manufacturing and Innovation Centre, the only one of its kind in Europe. This has all been pushed forward by some of the world's leading experts who live and work in this county.

Interim Measures to Support Businesses in Oxfordshire

4. Since the outbreak of COVID-19, Oxfordshire has worked at pace to introduce measures to mitigate the economic impact of the pandemic; these have sought to complement policy interventions developed at national level such as the Job Retention Scheme, Bounce Back Loans, Future Fund and Coronavirus Business Interruptions Loans Fund (CBILS). OxLEP has led in the deployment of a comprehensive programme to support local businesses focused on signposting to national measures, pivoting “business as usual” activities and additional tailored support such as access to finance, cash flow management and business resilience planning.
5. Key Oxfordshire interventions include:
 - 1:1 diagnostic and business support for SMEs affected by COVID to build resilience and action plan
 - business resilience grant programme to support SMEs, protect jobs and invest to stabilise their business
 - further targeting of existing EU programmes and funding to increase take up by SMEs of innovation and business grants and workforce planning advice
 - business start-up programme for individuals looking to move out of employment and develop their own enterprise
 - redeployment and job matching service for workers at risk of redundancy
 - virtual jobs and careers fairs
 - business and rural rate relief for eligible small businesses via Oxfordshire local councils
 - small business and High Street / Town Centre regeneration grant programmes led by Oxfordshire local councils
 - dedicated business response and support desk for the tourism and hospitality sector provided by Experience Oxfordshire on behalf of OxLEP.
6. Despite these measures, COVID-19 is having a significant impact on the Oxfordshire economy:
 - unemployment has risen to over 4%, from a historical low of virtual full employment, and is amongst the fastest rising in the South East

- significant numbers of businesses in the visitor economy, which supports over 40,000 jobs in the county, are facing closure in the face of significant losses in sales and bookings
 - the job retention scheme is delaying significant redundancies expected in the autumn, once furloughing ends, with particular concerns for young people about to enter the labour market or in the early stages of their career and adults in low wage, customer facing jobs
 - a contraction in capital and investor readiness for technology start-up and pre-revenue businesses embarking on the next stage of raising equity investment
 - The impact has varied significantly across different sectors, with pubs, eateries, arts venues and the wider visitor economy being hit significantly.
7. Through the residual Growing Places Fund budget, a package worth c£1million of additional emergency support has been provided alongside the grants already in place under an existing programme. Additional work has also been undertaken with the Creative Industries Federation and Arts Council England to detail the challenges faced by the creative and cultural sector and inform interventions developed by HM Government.
 8. The Oxfordshire Redeployment Service has been developed alongside Adviza who hold the local National Careers Service contract. The online 'job matching' portal will be augmented by a series of 'online' jobs fairs bringing employers, vacancies and job seekers together. The first of these is planned for June and is likely to feature seasonal agricultural opportunities, growing demand from the grocery and logistics sectors as well long-standing vacancies in the health and social care sector.
 9. Monthly labour market intelligence is being developed to help shape understanding of how our economy is impacted by the pandemic. Access to timely data remains a challenge with most labour market data having a 4-12-week lag. Discussions are ongoing with HM Government to explore data sharing where practical allowing access to wider, and potentially more timely data sets to support the assessment of the real time impacts on the local economy and communities.
 10. A specific sector and market analysis was undertaken with Advanced Oxford, Oxford University Innovation and Oxford Sciences Innovation on the innovation ecosystem and investment risks for R&D, spinouts and technology firms in Oxfordshire. The outputs from this have been cited as being integral in shaping national policy which has resulted in the imminent launch of the Future Fund programme through the British Business Bank and innovate UK.
 11. The Coronavirus Business Interruption Loan Scheme provides up to £5 million for smaller businesses (those with a turnover of £45 million or less) who are experiencing lost or deferred revenues. The Scheme is available through the British Business Bank's accredited lenders. Similarly, the Larger Business Interruption Loan Scheme provides finance to mid-sized and larger UK businesses with a turnover above £45 million. The Bounce Back Loan Scheme is designed to address concerns about accessing rapid loan support, providing loans between £2,000 and £50,000.

12. On the 20 of March, the Chancellor announced that the next quarter of VAT payments would be deferred – it will apply from the date of the announcement until the end of June. All businesses who currently qualify for Small Business Rate Relief or Rural Rate Relief are entitled to a £10,000 grant. Further, the smallest businesses in the retail, leisure and hospitality sectors are entitled to a grant of £25,000.

Proposed Economic Recovery Plan Approach

13. As lockdown restrictions begin to ease, each and every sector will be developing plans for how they will respond and rebound from this crisis. The Economic Recovery Plan (ERP) for Oxfordshire is one such plan that pervades several of the Growth Board's workstreams and membership organisations.
14. The Oxfordshire ERP is being led by OxLEP and will be overseen by its Board, which broadly shares its membership with the Growth Board. To ensure that a collaborative approach is taken in the Plan's development, a dedicated ERP Task and Finish Group has been set up with senior representation drawn from Local Authorities and Universities, which has met three times already and will continue to do so over the summer. This will be a standalone overarching economic plan for Oxfordshire, recognising that the response on the ground (locality/District/City) will need to be tailored to support specific circumstances.
15. While the precise detail of the ERP needs to be developed, it is expected to set out a programme of measures to support the Oxfordshire economy, based on a sound and robust analysis of the economic landscape and an assessment of the impact of COVID-19 on the County's labour market, business base and key economic sectors and clusters. The Recovery Plan will focus on actions which will support the near-term recovery and renewal of the Oxfordshire economy over the next three years. It will need to complement the longer-term proposals developed under the Oxfordshire Local Industrial Strategy Investment and Delivery Plan which has been prepared by Oxfordshire partners.

Integrated Planning with Local Authorities and Partners

16. The development of the Oxfordshire wide ERP will need to align to the Local Authority Emergency Planning structures the Government has set out and respecting the Local Resilience Forum (LRF) reporting requirements, which in Oxfordshire's case is the Thames Valley LRF. Since the outset of the pandemic local authorities have established Gold, Silver and Bronze command levels within Oxfordshire to jointly manage the collective resources for emergency planning to best effect. This has been supported by input from business intelligence and support from wider partners.
17. The overall focus on 'Place' is essential, recognising the interdependencies between the economy, environment, health, transport and local community service planning as the county gradually moves out of the lockdown phase. The intention here is to frame a single Recovery Plan response for Oxfordshire, which addresses a broad range of challenges facing the county. Partners are also continuing to engage across the Oxford to Cambridge Arc to identify opportunities for collaboration recognising Government's continued focus on the Arc as a vital region for the UK economy.

18. On 29 May all Local Authority Chief Executives wrote to the Local Government Association to relay their Leaders and Section 151 Officers concerns about the financial impact of Covid-19. The grant currently allocated to all councils across Oxfordshire totals £34m, which falls short of the expected costs, including the inability to deliver on planned savings and lost income, currently estimated to be £88m for 2020/21. The Councils are also experiencing severely declined income from service areas with income streams such as car parking and it is also anticipated that as financial hardship increases within the districts, this may be reflected in council tax and business rates payments. Whilst the funding received from HM Government is welcome, there does remain a significant gap between these and the emerging picture on the true incurred costs of Covid-19.
19. The Coronavirus Act 2020 introduced temporary emergency measures to help deal with a range of issues associated with the ongoing Covid-19 pandemic. These principally enable Local Authorities to ease the burden on frontline public services, tackle the spread of the virus, and support local businesses and residents. Despite the challenges faced, local authorities have continued to stream their public meetings live online, as permitted under the Act, and delivery key services. The Act also made provision to postpone local elections until May 2021.
20. Local Authorities have spearheaded a comprehensive support programme delivered through each of the Councils, designed to provide support specifically to those on the Government's Shielded List; those people identified by the NHS as being extremely vulnerable during the pandemic. Together with the huge energy of a robust community and voluntary sector, housing associations, and numerous council staff, a direct contact programme was rapidly established to contact every person on that list and to plan for additional support where needed. In some districts, up to 3% of the population were on the Shielded list. Support requests typically related to shopping needs during the most intense period of restrictions. Dedicated phone lines and webpages have been set up to help residents find the support they need. All this has been achieved through virtual means, as most council staff continue to work from home.
21. Council officers and community groups have responded positively to the challenges of this crisis to make sure those in need receive support. Active community groups have been outstanding, pulling together with council staff to be solution focussed and support each other in responding to each and every request for support. Councils are assessing the longer-term implications of any ongoing support that is required in response to the pandemic, either to local community groups, or directly to residents. Each will have their own process for reporting on this work.

Recovery in the construction sector and the Oxfordshire Housing and Growth Deal

22. The construction sector is recognised as a key component of the national economy. Employing over 3 million people in 405,000 firms, it contributes 8.6% of GDP and a GVA in the last financial year of £149 billion. The impact of COVID on the sector has been profound with a 40% drop in productivity in the first two months of the pandemic.

23. The Oxfordshire Housing and Growth Deal (the Deal) has already been referenced in this report as a tool for economic recovery. The productivity workstream of the Deal is enshrined in the Local Industrial Strategy, whilst the Oxfordshire Plan 2050 will play a role in shaping the environmental and economic landscape of Oxfordshire that will drive recovery longer term.
24. Within the construction sector 40 % of total outputs are either housing or infrastructure and so rebooting these elements is crucial to the recovery of the sector. The housing and infrastructure investment streams of the Deal therefore have an important role to play as levers to drive economic recovery.
25. A pipeline of infrastructure investment in Oxfordshire will provide construction with certainty of investment and business opportunities they can bid for, whilst the completion of the infrastructure will provide assurance for house builders that planned developments are being enabled.
26. The affordable housing programme meanwhile can play an important counter cyclical role in boosting the housing market by absorbing excess housing supply and preserving developers' financial positions whilst at the same time providing much needed additional affordable housing for those finding themselves in challenging circumstances. Officers are engaging with HM Government in ongoing dialogue to explore how the Deal can be shaped and reoriented better as a tool for recovery in responding to the pandemic.

Wider considerations

27. One of the challenges for recovery planning however concerns the different geographic footprints and layers of governance that provide services within Oxfordshire and the wider region. Whilst proposals are being developed by OxLEP for an Oxfordshire ERP, there are other coalitions and bodies which have been tasked with responding in other related ways; all of which will need to operate in tandem with each another to ensure a holistic approach is taken.
28. The Thames Valley Local Resilience Forum has established a Strategic Coordinating Group which includes local authorities, healthcare providers and emergency services. It is tasked with developing a combined response to the current rapidly evolving situation across Berkshire, Buckinghamshire, Milton Keynes and Oxfordshire. The Public Health response is also coordinated over a different footprint; the Buckinghamshire, Oxfordshire and Berkshire West Clinical Commissioning Groups. Furthermore, collaborations are taking place across the Oxford to Cambridge Arc to identify areas of common interest and opportunities for scaling up response efforts between neighbouring service providers. It is critical that these various streams of work are brought together where appropriate to avoid any duplication of work, and to maximise the utility of collaboration. For Oxfordshire, having a Growth Board enables these conversations to be brought together in one place.
29. As national policy is still evolving, with the Devolution White Paper expected in September, there may be a need to move forward at pace depending on the timetable introduced by HM Government for areas to have recovery plans in place – in particular, to inform the forthcoming Comprehensive Spending

Review. The Oxfordshire ERP will need to respond and remain flexible to any new policy agendas being formulated over this period by Government and informed of the 'Future Economy' business roundtables and working groups being convened by the Department for Business, Energy and Industrial Strategy.

30. The pandemic has prompted a greater global recognition that tackling climate change and supporting the environment are critically important to our communities. On 28 May 2020, the Prime Minister said the Government would push for a green and climate resilient recovery, and this reflects the ambitions of the Growth Board set out in its draft revised terms of reference elsewhere on this meeting's agenda. This can be seen as an opportune moment to stimulate low carbon and environmental projects,¹ as the economic, social and environmental agendas have become so closely aligned.²
31. With frequency across various reports, infrastructure, connectivity and housing are highlighted as critical elements that require an environmental lens in planning for an economic recovery – with the construction sector seen as a "litmus test for a net zero recovery."³ The wider commitments being made among Growth Board partners in this regard will need to be interweaved with key strategy documents such as the forthcoming Economic Recovery Plan, the Oxfordshire Infrastructure Strategy and the Oxfordshire Plan 2050.

Financial Implications

32. There are no financial implications arising from this report.

Legal Implications

33. There are no legal implications arising from this report. The introduction of the Coronavirus Act 2020 provides temporary regulations for operating some council functions in a different way to support the overall response to the Pandemic.

Conclusion

34. The route to recovery from this virus will require a substantial collective effort between key system leaders across Oxfordshire, together with innovation and a readiness to adapt 'business as usual' activities. Oxfordshire's history of innovation and the depth and talent of its population will stand it in good stead to rebound in the longer term.
35. Given the significant impact that COVID-19 has had on the people who live and work in Oxfordshire, the Growth Board is asked to note the work underway in the development of an Economic Recovery Plan and support the approach as set out in this report. This is still an early stage in the recovery process, and it is critical that the ERP and its development remains fluid and flexible to the

¹ The Aldersgate Group. Seize the moment: building a thriving, inclusive and resilient economy in the aftermath of COVID-19 . Available at: <https://www.aldersgategroup.org.uk/asset/1666>

² Current-News 2020. Green COVID-19 recovery a 'historic opportunity' as organisations turn up the heat. Available at: <https://www.current-news.co.uk/news/green-covid-19-recovery-a-historic-opportunity-as-organisations-turn-up-the-heat>

³ Energy Efficiency Infrastructure Group, *Energy efficiency's offer for a net zero compatible stimulus and recovery*, June 2020, p.1

changing policy landscape in which we are working, and to the requirements of the local economy.

Background Papers

36. None

Report Author:	Bev Hindle, Oxfordshire Growth Board Director
Contact information:	Nigel Tipple, Oxfordshire Local Enterprise Partnership Chief Executive

Appendix 1: Timeline of Key Events in the response to Covid-19

- Dec 2019:** *First COVID-19 case found in China*
- 29 Jan:** *First COVID-19 case found in the UK*
- 16 March:** *All non-essential travel to cease and work from home if possible*
- 17 March:** *£330bn will be made available in loan guarantees for businesses*
- 19 March:** *Pound Sterling falls below \$1.18, its lowest since 1985*
- 20 March:** *Furlough scheme begins costing an estimated £14bn each month⁴
Cafes, pubs, nightclubs, theatres and schools etc to close*
- 23 March:** *UK asked to stay at home for all but very limited purposes.*
- 3 April:** *Road traffic in the UK falls by 73%⁵*
- 15 April:** *all non-essential NHS operations postponed*
- 22 April:** *UK Inflation fell 1.5% in March*
- 23 April:** *First human trials of a vaccine in Europe begin in Oxford.*
- 30 April:** *The PM announces that the UK is “past the peak” of infections.*
- 29 May:** *The Furlough Job Retention Scheme is extended until October*
- 5 June:** *The number of recorded deaths in the UK passes 40,000*
- 12 June:** *The UK economy shrinks 20.4% in April, the largest fall on record⁶*
- 16 June:** *ONS says 600,000 people lost their job between March and May⁷*
- 18 June:** *Bank of England plans to inject an extra £100bn into the economy*
- 19 June:** *The UK Treasury announces that debt stands at £1.95trn*
- 29 June:** *The UKs first local lockdown occurs in Leicester*
- 4 July:** *Pubs, restaurants, hairdressers and hotels re-open under guidance*

⁴ <https://www.bbc.co.uk/news/business-52634759>

⁵ <https://www.theguardian.com/uk-news/2020/apr/03/uk-road-travel-falls-to-1955-levels-as-covid-19-lockdown-takes-hold-coronavirus-traffic>

⁶ <https://www.bbc.com/news/business-53019360>

⁷ <https://www.bbc.com/news/business-53060529>