

TRAFFORD COUNCIL

Report to: Executive
Date: 26 July 2021
Report for: Information
Report of: Executive Member for Covid-19 Recovery and Reform

Report Title

Inclusive Economy Recovery Plan and Brexit and Covid- 19: An Economic Assessment for Trafford – Updates

Summary

To address the challenges of the Covid pandemic and the need to steer recovery, the Trafford Inclusive Economy Recovery Plan (TIERP) was approved by the Executive in February 2021. It identifies the specific actions required to ensure effective economic recovery and the delivery of a more inclusive economy in Trafford with a Build Back Better approach. Linked to the Trafford Inclusive Economy Recovery Plan, Ekosgen were appointed in January 2021 to assess the effects of Brexit and the Covid pandemic on the economy of the borough.

Recommendations

It is recommended that the Executive:

- (i) Notes the update on progress to deliver the Trafford Inclusive Economy Plan and receives a further update in January 2022.
- (ii) Notes the findings of the Brexit and Covid-19: An Economic Impact Assessment for Trafford study and the recommendations identified.

Contact person for access to background papers and further information:

Name: Stephen James
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Background Papers: None

Appendices:

Appendix 1 - Trafford Inclusive Economy Recovery Plan Update
Appendix 2 – Brexit and Covid-19 An Economic Impact Assessment for Trafford (April 2021)
Appendix 3 - Glossary

Relationship to Policy Framework/Corporate Priorities	The Trafford Inclusive Economy Recovery Plan (TIERP) supports the Council's Corporate Priorities including delivery for the priorities of 'Health and Wellbeing' 'Successful and Thriving Places', 'Building Quality Affordable and Social Housing' and 'Green and Connected'. The Plan sits under, and is a key part in the delivery of, the Corporate Recovery Strategy.
Relationship to GM Policy or Strategy Framework	At a Greater Manchester level, the Trafford Inclusive Economy Recovery Plan supports the growth ambitions articulated within the GM Strategy, GM LEP Economic Vision, GM Local Industrial Strategy 2019, GM's Build Back Better priorities and the emerging sub-regional plan to cover the nine local authorities in GM.
Financial	No direct financial implications arising from the report as delivery will be within the existing Service budget. The estimated effects of changing economic conditions on the Council's overall finances are also included in the Council's Medium Term Financial Plan and reported to Executive in the regular budget monitoring reports throughout the financial year.
Legal Implications:	No legal implications
Equality/Diversity Implications	Planning and delivery of projects will ensure compliance with the Council's Corporate Equalities Strategy 2021-2025 to understand clearly how different groups may be impacted, and what mitigation or proactive steps need to be taken.
Sustainability Implications	The TIERP is consistent with and will support delivery of the Council's Carbon Neutral Action Plan 2020 and the aims and objectives relating to the Council's Climate Emergency declaration.
Carbon Reduction	The TIERP contains measures to support the reduction of carbon emissions in the borough
Resource Implications e.g., Staffing / ICT / Assets	Existing resources will support the delivery of the Plan and related activity across all the partners.
Risk Management Implications	Risk to delivery of the interventions detailed within any new project and plans and will be monitored and updated as required.
Health & Wellbeing Implications	The activity detailed within the TIERP will contribute to improving the health and wellbeing across the borough through helping to support a more inclusive economy.
Health and Safety Implications	None as a consequence of this report.

1.0 Background

- 1.1 To set out a comprehensive roadmap for steering the economy of the borough through recovering from the Covid pandemic, the Executive approved the Trafford Inclusive Economy Recovery Plan (TIERP) in February 2021. The Plan sets out a detailed list of actions covering nine priority themes to be delivered by the Council in partnership with stakeholders (see Appendix 1).
- 1.2 In addition and directly linked to the TIERP, Ekosgen consultants were appointed to reassess the Brexit: An Economic Impact Assessment for Trafford 2019 study in light of the UK's withdrawal deal from the EU coupled with assessing the effects of the Covid pandemic on the local economy. Their findings, Brexit and Covid-19 An Economic Impact Assessment for Trafford is found in Appendix 2.

2.0 Trafford Inclusive Economy Recovery Plan Update

- 2.1 The TIERP was produced in consultation with the Inclusive Economy Board and the Executive Members for Housing and Regeneration, Covid-19 Recovery and Reform, and Communities and Partnerships and approved in February 2021. The Plan identifies a comprehensive list of actions/initiatives against nine priority themes to help steer the economy of the borough through the recovery phase. The priority themes are as follows:
- Business Support and Sustainable Job Creation
 - Transition Preparedness/ Trading Outside of the EU
 - Green Economy and Sustainable Job Creation
 - Sustainable Jobs and Skills for Growth for Local Residents
 - Inward Investment and Sustainable Job Creation
 - Funding and Growth
 - Strategic Sites Development and Job Creation
 - Improved Town Centres for Residents and Businesses
 - Increase Visitor Economy
- 2.2 Appendix 1 provides an update on each of the actions/initiatives and provides a RAG rating (red, amber and green) as a quick reference guide to show progress against each. Even though the focus has been on dealing with the Covid pandemic and supporting residents and businesses through this difficult period, progress has been made in delivering the TIERP and this will be accelerated going forward, particularly when the current Covid restrictions are eased further.
- 2.3 Delivery of the TIERP will be the focus of the recently established Inclusive Economy and Communities Team that sits within the Growth, Housing and Communities Service. However, the Plan can only be delivered in partnership with a wide range of public, private and VCFSE stakeholders and these have been, and will continue to be, engaged throughout the Plan's timeframe. For example, further positive collaboration with the Trafford Youth Employment Task Force Group, the Adult Education Board and the Poverty Action Group has ensured that all activity within the TIERP is aligned to the Council's Corporate Priorities, and other strategies.
- 2.4 Regular updates on the TIERP will be made to the Inclusive Economy Board that sits under the Trafford Partnership, which will have a strategic role in steering and monitoring the Plan's implementation. In addition updates will be provided to the Covid Recovery and Renewal Group. It is proposed that the Executive receives a

further update on the Plan in January 2022. It is worth noting that Plan is a 'live' document and maybe updated/amended over time as priorities and issues to address the recovery change.

3.0 Brexit and Covid-19 An Economic Impact Assessment for Trafford

- 3.1 The Economic Impact Assessment (EIA) provides a detailed analysis on the potential economic impact of Brexit and Covid-19 on Trafford. The EIA has been a largely desk based piece of research however the Council's cross-departmental Transition Preparedness Group fully inputted into its production.

3.2 Impact of Brexit and Covid 19

Overview of the impact of Brexit UK

While the UK left the EU single market and customs union on 31st December 2020 in the midst of a global pandemic, it is likely that it will be some time before the full impacts of Brexit are felt. The UK has avoided the no deal scenario which would have had an immediate and serious effect across the economy. The Institute of Fiscal Studies (IFS) estimate in 2021 the UK economy will be 2.1% smaller than if the UK remained in the single market and customs union, while the consensus is that the UK economy will be 5% lower in 2030, compared to remaining as an EU member.

Covid-19 Impact to UK

Given the profound impact the Covid-19 pandemic is having on the economy, it is essential to consider the dual effects Covid-19 and Brexit in the short and medium term. This is likely to result in an immediate increase in unemployment and more challenging conditions for many businesses in both the service and industrial economy. The Covid-19 pandemic has caused a traumatic shock to the whole economy, with output declining by around 10% in 2020, more than twice the decline in 2009. Covid-19 is having differential effects across the country, largely due to differences in health, social and economic conditions, including the sectoral mix of local economies, in addition to varying levels of restrictions places have been under.

Hospitality, tourism, transport and arts and entertainment are the most exposed sectors in relation to economic impact of Covid-19. Covid-19 is expected to have some longer-term impacts, with more people choosing to work at home in the long-term, impacting upon city centres. As a result of the Covid-19 pandemic alongside Brexit a period of sizeable economic adjustment is likely to follow.

3.3 A Changed Trafford Economic Landscape

- 3.4 Prior to Covid-19 pandemic Trafford had low unemployment and strong growth forecasts, it had one of the strongest economies in Greater Manchester. However significant numbers of businesses and jobs are in sectors which have been impacted by Covid-19 restrictions, where the full effects will become clear as Government support measures unwind, and it also has a number of sectors/companies at risk from the negative effects of Brexit.

Labour Market, Unemployment and Skills

The changes in migration rules could reduce the number of EU nationals living and working in Trafford, and who are particularly important for the certain sectors including: banking and finance, retail, restaurants and hotels; manufacturing; and health and social care.

Impact on Communities

Covid-19 has emphasised and exacerbated economic, social and health inequalities which exist. Claimant count by ward for February 2021, shows that levels of employment reflect the typical pattern of deprivation in Trafford with unemployment concentrated in the north of the borough, towards the centre of Manchester, while the south of the borough towards Cheshire tends to have lower prevalence of unemployment.

Sectoral Impact

The sectors most at risk from Brexit are manufacturing companies involved in exporting and importing, and those which require a high skilled workforce including the health and care sector. Section 6 of the EIA provides a detailed look at each of following sectors: Health and social care, manufacturing, finance and insurance.

Impact on Businesses

Covid-19 has had a significant impact on businesses across the economy with hospitality and leisure and tourism most severely impacted. Early intelligence suggests that the emerging issues with regard to Brexit are concentrated within those companies involved in exports and imports and adapting to new arrangements.

Implications for Trade and Access to Markets

The EIA highlights impact on exports and imports, there are estimated to be at least 500 businesses in Trafford involved in exporting to the EU, accounting for 4% of the business base and at least 700 companies import from the EU, accounting for 6% of the business base. They are now being affected by increased paperwork and processing time at borders.

Fall in Business Investments and Foreign Direct Investment

Both Brexit and Covid 19 have led to a fall in investment. As a result of Covid-19 IFS research suggests business investment fell by 16.5% in 2020 and will grow by 4.1% in 2021 before recovering strongly in 2022 and 2023. Estimates suggest around 90 companies in Trafford are foreign owned, and leaving the EU may lead to their relocations over the medium term or companies prioritising European facilities for re-investment

3.5 Trafford – Summary of Economic Impacts and Economic Outlook

- Trafford's economy is estimated to have shrunk by 10% in 2020.
- There is likely to be over 9,000 claimants of unemployment related benefits by the end of 2021, an uplift of 5,500 since the start of the pandemic.
- 40% of jobs losses in the hospitality industry with a number of bars, restaurants and cafes not reopening in 2021, as well as a fall in employment within the accommodation sector.
- 20% of job losses will come from the retail sector.
- The remaining 40% will be across a range of other services including transport, media and tech companies and other business services, with many companies resizing in light of a changing economic environment.
- Covid-19 will have serious consequences for low-income households and vulnerable groups, including families and children.
- The forecasts suggest GVA in Trafford will not recover to pre-Covid levels until 2023.

3.6 The above statistics paint a bleak outlook but the EIA does identify opportunities for the local economy, businesses and residents:

- Shared Prosperity, Levelling Up and the Community Renewal Fund provide Trafford with the potential for locally based actions, business support measures and training and employment support actions, which can help to aid the economic recovery, support local businesses and address skill shortages including through supporting those who have lost their jobs as a result of the Covid-19 pandemic to reskill and find employment.
- Economic opportunities of 'onshoring' with a greater focus now on the UKs supply chains and the need to reduce dependence on overseas supply.
- A potential increase in European and foreign companies establishing a UK base and production facility to serve the UK market. There is an opportunity to promote Trafford as a UK distribution and production base for foreign companies targeting UK markets.
- New trade deals (in the medium term) opening new markets.
- Green Recovery – there is expected to be an additional 700,000 jobs created in low-carbon sectors by 2030. NESTA highlights the opportunity to reskill those who have become unemployed following the pandemic for the green economy, including residential retrofitting. The Liverpool City Region Freeport, which encompasses Port Salford in Greater Manchester, could provide an opportunity for businesses to grow, boost international trade and support the development of manufacturing capabilities.

3.7 EIA Conclusion and Recommendations

3.8 Trafford benefits from a strong economy and being an attractive investment location for many sectors which will drive economic recovery. Linking swift responses to medium term opportunities will be fundamental to an improved recovery and increase in new job opportunities. The key areas of focus and recommendations identified in the EIA are:

Skills and Employment

- Council and partners should encourage people to remain in education and training and increasing their skills related to in-demand occupations would help those impacted to adapt to a subdued labour market and ensure that training related funding prioritises the Health and Social Care sector and careers within the Green Economy.

Businesses and Employment

- Monitor the new arrangements for banking and financial services as well as the arrangements for mutual recognition of professional qualifications.

Inward Investment

- Promote Trafford as a UK distribution and production base for companies targeting UK market.

Funding

- Develop successful propositions for various funds for locally based actions, business support measures and training and employment support actions to support the economic recovery, support local businesses and address skill shortages in order to address the combined impacts of Brexit and Covid-19.

Key Priorities

- Trafford should continue to align with Greater Manchester's strategic plans to *"Build back a better, fairer and greener economy"*.
- Trafford should support a green recovery
- Trafford should tackle inequalities and maximise social value.

3.9 The above recommendations and key priorities have been incorporated into the TIERP. The Transition Preparedness Group will also review the recommendations with respect to utilisation of the Brexit preparedness grant monies.

4.0 Wider Corporate Links

4.1 The Trafford Inclusive Economy Recovery Plan is consistent with the Council's Corporate Plan and the Council's other policies and strategies, including the Poverty Strategy and the Carbon Neutral Action Plan. Production of the Brexit and Covid-19 An Economic Impact Assessment for Trafford is an action identified in the TIERP and its recommendations have been incorporated into it. The TIERP also sits under, and is a key element in, the delivery of the Corporate Recovery Strategy. At a GM level, it will support the growth ambitions articulated within the GM Strategy, GM LEP Economic Vision, GM LIS and emerging sub-regional plan for the nine GM local authorities.

5.0 Other Options

5.1 Other options are not to progress the recommendations identified in the Economic Impact Assessment and not to continue delivery of the TIERP. Steering the recovery and dealing with the effects of Brexit and the Covid pandemic is vital to the Council, businesses and residents. Therefore a clear and deliverable Plan is necessary to provide the strategic approach for the Council its corporate objectives, prioritise resources and deliver a more inclusive economy.

6.0 Consultation

6.1 The Inclusive Economy Recovery Plan was produced in consultation with the Inclusive Economic Board and the Executive Members for Covid-19 Recovery and Reform, Housing and Regeneration, and Communities and Partnerships. The Trafford Recovery and Renewal Group and Inclusive Economic Board/Trafford Partnership will receive regular updates on delivery of the Plan. The Brexit and Covid-19 An Economic Impact Assessment for Trafford was produced in partnership with the Council's Transition Preparedness Group.

7.0 Reasons for Recommendation

7.1 The Executive is asked to note progress on delivering the Trafford Inclusive Economy Recovery Plan and the findings of the Brexit and Covid-19: An Economic Impact Assessment for Trafford so that a comprehensive and co-ordinated approach for economic recovery and a more inclusive economy in Trafford is delivered.

Key Decision (as defined in the Constitution): No
If Key Decision, has 28-day notice been given? No

Finance Officer Clearance (type in initials).....PC
Legal Officer Clearance (type in initials).....TR

[CORPORATE] DIRECTOR'S SIGNATURE (electronic) 
To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.