

TRAFFORD COUNCIL

Report to: Executive
Date: 22 February 2021
Report for: Decision
Report of: Executive Member for Covid-19 Recovery and Reform

Report Title

Trafford Inclusive Economy Recovery Plan and Transition Preparedness Update

Summary

The Covid-19 pandemic is unprecedented and has had an adverse impact on residents, businesses and the economy as a whole. Furthermore the UK has now left the European Union and the Trade & Co-operation Agreement has been signed to continue tariff and quota free trade between the UK and EU. The Council's Transition Preparedness Plan has been updated and a review of the Trafford Brexit Impact Assessment (February 2019) will be commissioned to understand the impacts of the arrangements on the Trafford economy.

The Trafford Inclusive Economy Recovery Plan has now been prepared to identify the specific actions required to ensure effective economic recovery and the delivery of a more inclusive economy in Trafford.

Recommendation(s)

It is recommended that the Executive:

- (i) Approves the Trafford Inclusive Economy Recovery Plan.
- (ii) Notes the Transition Preparedness Plan Update.

Contact person for access to background papers and further information:

Name: Stephen James (Head of Strategic Growth)
Mike Reed (Strategic Growth Manager)
Extension: x4733 / x4924

Background Papers: None

Appendices:

Appendix 1: Trafford Inclusive Economy Recovery Plan
Appendix 2: Transition Preparedness Plan Update
Appendix 3: Glossary of Terms

Implications:

Relationship to Policy Framework/Corporate Priorities	The Trafford Inclusive Economy Recovery Plan (the Plan) 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 will support the growth ambitions articulated within the GM Strategy, GM LEP Economic Vision, GM Local Industrial Strategy, GM's Build Back Better priorities and the emerging sub-regional plan to cover the nine local authorities in GM.
Financial	The Plans have been prepared using existing Council resources and also part use of the Brexit Preparedness Grant in respect of the proposed review of the externally commissioned Brexit Impact Assessment. 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 arising from the report.
Equality/Diversity Implications	Delivery of the Plan will be monitored to 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 Plan 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 Plan contains measures to support the reduction of carbon emissions in the borough.
Resource Implications e.g. Staffing / ICT / Assets	Existing resources have been identified to support the delivery of the Plan and related activity across all the partners.
Risk Management Implications	Risk to delivery of the interventions detailed within the Plan will be monitored and updated as required.
Health & Wellbeing Implications	The activity detailed within the Plan 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 The Covid-19 pandemic is unprecedented and is having an adverse impact on residents, businesses and the economy as a whole. The Trafford Inclusive Economy Recovery Plan (the Plan, see Appendix 1) has been prepared to provide the strategy for the delivery of economic recovery and a more inclusive economy in Trafford.

2.0 Economic Impact of Covid

National Economic Impact

- 2.1 The economic effects of Covid-19 outbreak in the UK have been very significant, with evidence available to date indicating a more severe impact than that of the 2008 financial crisis. At the end of 2020, there were signs of a period of relative economic recovery. Official figures show the UK's GDP output grew by 15.5% from July to the end of September, the largest increase on record. Consensus of 100 leading economists (polled by the Financial Times), suggest that the economy won't return to more 'stable conditions' until well into 2023. The Office for Budget Responsibility forecasts suggest that output will be 3% lower by 2025; equivalent to £1,400 less per household.
- 2.2 Unemployment is one of the most significant economic consequences of the Covid-19 pandemic with rates of joblessness expected to worsen as the furlough scheme comes to an end. The labour market data released on 15 December 2020 by ONS shows the official national unemployment rate for the end of October 2020 at 4.9%, 1.2% higher than the year earlier.

Greater Manchester Economic Impact

- 2.3 The claimant count for November 2020 demonstrates that unemployment across GM had remained steady since June, after a rapid increase between April and May 2020. The current claimant count rate of 7.8% in GM represents a significant 89% increase since March 2020; although this is below the 106% increase across the UK as a whole. A total of 103,900 employees were on furlough in GM at the start of November 2020, 8% of the total number of eligible employments, and equivalent to the rate for the UK. 89,100 GM residents had claimed a second self-employment income support (SEISS) grant, equivalent to a take up of 73% of those eligible. The numbers of younger unemployment benefit claimants in their twenties and late teens – especially men - have risen most sharply.
- 2.6 The numbers of jobs vacancies recovered to pre March 2020 levels at the start of October 2020 but have declined since then. At the start of January 2021 there were 3,716 vacancies being advertised.
- 2.7 The Growth Company are monitoring the impact of Covid-19 on their client base across GM. The extent of the impact on GM businesses is reflected by the fact that around 90% of firms interviewed by the Growth Company report a negative impact due to Covid-19. The main impacts reported by business since April this year have consistently been falling sales, cashflow risks, and reserves. The latest position indicates that the proportion of GM businesses reporting decreased sales and cashflow issues has remained broadly stable throughout December 2020.
- 2.8 The tourism, hospitality, leisure, creative and cultural sectors along with parts of the retail sector have been the most likely to report decreased sales and worsening

cashflow positions throughout 2020; this reflects that these parts of the economy are most 'exposed' to lockdown and the impacts of Covid restrictions. Survey findings from the end of 2020 shows that firms position on cash reserves and redundancy risk have improved with around 70% of firms now stating they have cash reserves to survive more than six months, compared to around 25% in April 2020. At the end of 2020 there was an increase in firms reporting supply chain disruption, almost 40%, particularly in the manufacturing that could in part represent the impacts of the UK transition from the EU alongside border disruption.

- 2.9 Growth has been reported in some parts of the economy in 2020, with the most likely sectors to report growth being digital technology and software, reflecting the acceleration in digital transformation investment, healthcare and parts of manufacturing (including bulk chemicals, testing/diagnostics and life sciences).

Trafford Economic Impact

- 2.10 Trafford experienced the largest increase in claimant count across GM, at 117% since the onset of the Covid crisis in March 2020 to June 2020. This increase was largely within areas of Trafford that have relatively low unemployment levels with the highest increases in Davyhulme, Ashton upon Mersey and Timperley; conversely the lowest increases have been in Partington, Broadheath and Gorse Hill where unemployment levels are higher. Since June 2020 the claimant count has been relatively stable, consistent with national and GM trends, and currently stands at 5.4% as at December 2020. The increase has been most noticeable among claimants at either pole of the age spectrum with younger claimants aged between 18 and 24 and those over 50 impacted the most.
- 2.11 Within Trafford 9,300 employees were furloughed as part of the Coronavirus Job Retention Scheme (CJRS) at the end of October 2020; down from a peak of over 30,000 in June 2020. 6,600 Trafford residents had claimed a second self-employment income support (SEISS) grant at the end of October 2020.
- 2.12 To support businesses with the impact of Covid-19 the Government established a number of business grant schemes administered by the Council to support eligible businesses. In Trafford, c3,750 businesses have received grant support for the period March to September 2020, totalling over £45m. The value of Local Restrictions Support Grants (incl. recent national lockdown grants) and Additional Restrictions (Discretionary) Grants paid to Trafford businesses since October 2020, now exceeds £4.8m.

3.0 The Trafford Inclusive Economy Recovery Plan

- 3.1 The Plan contributes to the Council's wider Corporate Recovery Strategy and forms an important element of the work of the Inclusive Economy Board and the Trafford Partnership.
- 3.2 The Plan has not only been set in the context of meeting key issues facing the borough, but also to be complementary to the work of the GM LEP Economic Vision and Build Back Better priorities which sets out to create a better opportunity for a strong and successful recovery.
- 3.3 The Plan is a 'live' document and may be amended over time as circumstances changes and new issues arise. Meeting the challenges caused by the Covid pandemic and ensuring an effective recovery will not be easy and will require a

strong partnership approach to tackle the issues facing the local economy through to recovery and beyond.

3.4 The Plan covers the following themes:

- Business Support and Sustainable Job Creation
- Transition Preparedness
- Green Economy and Sustainable Job Creation
- Sustainable Jobs and Skills 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

3.5 Within the Plan the specific actions required to support the Council's objectives for economic recovery and delivery of a more inclusive Trafford economy are identified, alongside the timescales for implementation and relationship to the Council's Corporate Plan priorities.

4.0 Transition Preparedness Plan

4.1 On 23 June 2016, Britain voted in a referendum to leave the European Union (EU) and on 1 January 2021 the UK left the EU with a Trade Deal covering new rules for how the UK and EU will co-operate, and trade together.

4.2 The Council has tried to best future-proof against the effects of Brexit and the UK transition from the EU. The Trafford Brexit Impact Assessment (February 2019) was completed to identify the potential implications on the local economy. Following the recommendations contained within the Assessment (endorsed by the Executive in February 2019), an internal Transition Impact Group was established to take a cross-Council proactive and coordinated approach in identifying the effects on service delivery and the potential mitigation measures required. The Group contains officers from Strategic Growth, Legal, Adult and Children's Social Services, Regulatory Services, Safer Trafford Partnership, Education, Commissioning, One Trafford Partnership, HR, Communications, CCG and Information Governance. The Group is also attended by the Executive Members for Housing and Regeneration; Finance and Investment; and Communities and Partnerships.

4.3 A high level Transition Preparedness Plan identifying key priorities/issues for each Service area has been produced by the Group as a focus for activity going forward (see Appendix 2). The Preparedness Plan is a combination of actions and issues that are monitored and reviewed by the Group on regular basis. The GMCA has re-established its Preparedness Group which comprises members from the ten LA's and other key stakeholders including GM Growth Hub, TfGM, NHS, Highways England, Manchester Airport, GMP and MHCLG. The work of this group has provided an overarching strategic framework to which Trafford's Transition Preparedness Plan is complementary.

4.4 Under the Trade & Co-operation Agreement, tariff and quota free trade between the UK and EU will continue as a part of a bilateral trade agreement. However, it is important to note that there are certain issues around the regulatory framework, rules of origin, Northern Ireland status and additional administrative requirements /

bureaucracy that are likely to have a direct effect on businesses. For example, businesses must show where their goods were made and where the components in those products come from, to determine whether tariffs are levied on goods into the EU. Also British exporters must register to pay VAT in the EU countries they are exporting to. In addition, the ending of free movement of people from the EU to the UK could have an impact on recruitment and meeting skills gaps.

- 4.5 In light of the above, and the ongoing effects of the Covid crises, a review of the Brexit Impact Assessment will be commissioned in order to begin to understand the impacts of the Trade Agreement on local businesses, residents and the economy. The review will be funded from the Brexit Preparedness grant monies received by the Council. Any negative impacts on Council service delivery will also be covered, linked to the issues identified in the Transition Preparedness Plan. In addition, the review will also be set in the context of COVID and its effects on business, unemployment and the economy. A further report will be taken to the Executive once this review has been completed

5.0 Wider Corporate Links

- 5.1 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. The Plan 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.

6.0 Other Options

- 6.1 Other options are not to progress the Trafford Inclusive Economy Recovery Plan or to prepare a different strategy. The continued absence of a clear plan for the delivery of economic recovery in Trafford will not provide the Council with a strategic approach within which to make decisions on future activity to support its objectives, prioritise resources and deliver a more inclusive economy.

7.0 Consultation

- 7.1 The Inclusive Economy Recovery Plan has been produced in consultation with the Inclusive Economy Board and the Executive Members for Covid-19 Recovery and Reform, Housing and Regeneration, and Communities and Partnerships.

Reasons for Recommendation

The Executive is asked to approve the Trafford Inclusive Economy Recovery Plan to provide the strategy for the delivery of economic recovery and a more inclusive economy in Trafford.

Key Decision Yes

If Key Decision, has 28-day notice been given? Yes

In all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Finance Officer Clearance *PC*
Legal Officer Clearance *TR*

DIRECTOR'S SIGNATURE 

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.