

# North Lanarkshire Council Report

## Enterprise and Growth Committee

approval  noting

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## Coronavirus - Economic Recovery Plan

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### Executive Summary

The purpose of this report is to update the committee regarding the council's response to the economic impact of the coronavirus pandemic, and to note the proposals to develop an Economic Recovery Plan which will be aligned to the previously approved Economic Regeneration Delivery Plan (ERDP), and seek to mitigate the impact to the local economy and drive forward a sustainable growth agenda.

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### Recommendations

It is recommended that the Committee:

- 1) Note the actions taken to respond to the economic impact of the coronavirus pandemic and support local businesses and residents.
- 2) Note the proposals outlined in this report to develop an Economic Recovery Plan, aligned to an updated ERDP, to help mitigate the economic impact of Coronavirus and help build a sustainable, inclusive economy.
- 3) Note that the final Economic Recovery Plan will be reported to a future committee for approval.

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### The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (5) Grow and improve the sustainability and diversity of North Lanarkshire's economy

## 1. Background

1.1 The coronavirus pandemic has had a profound impact not just on the nation's health and wellbeing, but also on global, national and local economies. It is likely that the economic effects of the pandemic will be felt for many years to come. While the council is unable to directly influence some of the macro economic factors that impact on our local economy, the council and its partners can still play an important role in helping to mitigate some of the potential impacts of the pandemic, and ensure we effectively target our resources to where they will have the greatest effect and support economic recovery and sustainable growth.

1.2 Prior to Covid-19 North Lanarkshire's economy was on a growth trajectory, while still facing a number of challenges linked to the impact of continued relatively high levels of deprivation. In response to these challenges, and to build on our many strengths, the council approved its Economic Regeneration Delivery Plan (ERDP) Action Plan 2019-2023 in August 2019 to co-ordinate the physical and economic regeneration of North Lanarkshire, increase economic output and help address social and economic inequality. The key themes of the ERDP include:

- Increasing housing supply across all tenures to meet our current and future housing requirements and support our wider regeneration objectives.
- Supporting the regenerating of our town centres through the development of long term masterplans and strategic projects.
- Developing our strategic infrastructure to support the physical and economic regeneration of North Lanarkshire primarily through our City Deal programme.
- Enabling and promoting the provision of good quality industrial and office space in the right locations to help attract and retain businesses and improve our economic output.

1.3 While it is still too early to fully assess the economic impact of Coronavirus on our local economy it is clear that the effects are already being severely felt with many businesses already closing and unemployment increasing:

- The total number of unemployed claimants in June 2020 was 15,225. After significant increases in claimants during April and May, the number of claimants has levelled out with no change recorded between May and June. The number of claimants in June 2020 was 85% higher than in March 2020, slightly lower than the Scottish increase of 88% across the same time period.
- 6.9% of working age (16-64 year old) residents were claiming Job Seekers Allowance or Universal Credit in June 2020, compared to a rate of 6.2% in Scotland as a whole.
- 8.9% of North Lanarkshire's young people aged 16-24 claimed in June 2020. That's above the Scottish youth rate of 7.5%.
- A number of companies in North Lanarkshire have already announced significant redundancies including M&Ds, Ovo Energy, XPO Logistics and Cummins. In total since March, the council has been made notified of over 1,140 planned redundancies.
- 49,500 North Lanarkshire residents have been placed on furlough at some point from the start of the Coronavirus Job Retention Scheme up to 30 June 2020, which is 31% of eligible employees.
- North Lanarkshire has the 3rd largest amount of residents on furlough in Scotland, behind Glasgow (88,300) and Edinburgh (69,500).
- North Lanarkshire (9,000) has the 5th largest number of claims to the Self Employed Income Support scheme across Scotland. (as at 30 June 2020)

- In May 2020 approximately 1/3 of the total working age population in North Lanarkshire were either on furlough, in receipt of employment related benefit or accessing the Self Employed Income Support scheme.
- 1.4 The relatively higher proportion of working age people who are currently dependent on government support suggests that the area is at a higher risk of increased unemployment levels. There is therefore an even greater imperative for the council to work with its partners to do everything it can do support the local economy and mitigate the inevitable economic consequences of Coronavirus.
  - 1.5 Scottish Government economic scenarios suggest the economic and business impacts of COVID-19 will be significant and may last to 2023 and employment levels may not return to pre covid levels until 2025. In Scotland GDP fell by 18.9% in April (UK, -20.4%). Not surprisingly the sectors experiencing the largest falls in May were: Accommodation & Food Services (-77%); Arts, Culture & Recreation (-46%) and Construction (-31%).
  - 1.6 In April, the Scottish Government established an independent Advisory Group on Economic Recovery to provide expert advice on supporting the different regions and sectors of Scotland's economy to recover from the impacts of Covid-19. Published on 22 June the report: 'Towards a robust, resilient wellbeing economy for Scotland', contains a series of recommendations directed at both the Scottish Government and other actors in Scotland's economy identifying interventions to support Scotland's economic recovery and facilitate the transition towards a greener, fairer and more inclusive economy with wellbeing at its heart. The Scottish Government's response to the Report and Recommendations was published on 5 August and includes:
    - investing at least £50 million to support Youth Employment, including the Scottish Job Guarantee
    - embedding Foundation and Graduate Apprenticeship places as part of our wider college and university provision, as well as extending Fair Start Scotland services
    - introducing a Transition Training Fund to support individuals facing redundancy and unemployment in those sectors most exposed to a downturn providing opportunities to upskill and transition into employment
    - maximising help for those facing redundancy through the Scottish Government's PACE support programme
    - making it easier for SMEs to compete for public sector contracts and supporting them to make greater use of digital technology
    - exploring options to alleviate planning restraints, build capacity and deal more quickly with complex applications
    - invite leaders from business and other organisations to work with senior civil servants to ensure key Scottish Government policies maximise opportunities for economic benefit
  - 1.7 At a Glasgow City Region level, work is also progressing to identify and progress further opportunities for collaboration to support economic recovery, where a regional approach can provide added value.
  - 1.8 At a Pan Lanarkshire level, the council is working with South Lanarkshire Council, Scottish Enterprise, Skills Development Scotland, Lanarkshire Business Gateway, local colleges and business representative bodies to consider establishing a Lanarkshire Economic Forum to help inform and develop Lanarkshire-wide economic recovery activity and ensure effective liaison, co-ordination, and cooperation between all partners.

- 1.9 Whilst the focus of activity to date has, by necessity, been on responding to the immediate impacts of the economic crisis, both in terms of support to people and businesses affected, there is a need to review our current ERDP priorities and actions and develop an Economic Recovery Plan for North Lanarkshire, working in partnership with national government, and regional partners.
- 1.10 This report therefore updates the committee regarding the support that the council has, and continues to provide to local businesses and residents, and outlines the key priorities and immediate actions to develop an Economic Recovery Plan to help sustain local businesses and support a strong economic recovery in North Lanarkshire.
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## **2. Report**

### **2.1 Response**

2.1.1 North Lanarkshire Council's Enterprise Team, along with other teams in the council, have led and supported the delivery of a wide range of grant support and advisory services to businesses during the pandemic. This has included:

- Supporting the Non Domestic rates Team to deliver the Scottish Government's Coronavirus Business Support Fund to provide £41m to 3,800 businesses and social enterprises (as at 30/7/20).
- Delivering the Scottish Government's Newly Self Employed Hardship Fund and Bed and Breakfast Hardship Fund resulting in 325 self employed people receiving £0.65m of grant support, and one Bed & Breakfast business received £3,000 of grant support (as at 04/8/20)
- Created a Daily Covid-19 Business Support Summary circulated to every local authority and Business Gateway Unit in Scotland as well as Enterprise Agencies, detailing the wide range of financial support available to businesses, which has been constantly changing and therefore required to be updated on a daily basis.
- Dealt with over 1,000 enquiries from local businesses to provide bespoke advice regarding available funding and support available.
- Created an Open Spaces Working Group to ensure a simple, quick and effective set of guidance to businesses considering reopening during each phase of the Scottish Government's Coronavirus Route Map. This has resulted in the establishment of a one stop web page with advice for businesses preparing to re-open or develop outdoor trading. Businesses can direct their enquiry to the Business Support Team who will provide bespoke guidance to help businesses obtain any necessary consents or advice they need to re-open safely.
- Initiated a sector-specific response to support local businesses. This has included early engagement with the construction sector, including a successful online forum, to help identify potential areas where the council could further support the sector going forward. Further engagement is planned with other sectors including the food and drink industry and manufacturing.

- Maintained engagement with business associations such as the Federation of Small Businesses, the Lanarkshire Chamber of Commerce, and the Lanarkshire Business Hub to ensure any new support, gaps in provision, and issues raised by local businesses were being addressed.

2.1.2 The Enterprise & Communities Service also successfully secured £1m from the Scottish Government's Spaces for People Fund to enable people to move around their local area safely while keeping to physical distancing requirements, and £49k from the Towns and BIDs Business Resilience and Recovery Fund to help support local retailers through a 'Shop Local, Stay Safe' campaign.

2.1.3 In addition, 86 grants worth £5.3m were also awarded to North Lanarkshire businesses through Scottish Enterprise's Pivotal Enterprise Resilience Fund and a further 38 companies shared £528,000 of grant support through Scottish Enterprise's Creative, Tourism and Hospitality Hardship Fund

2.1.4 The Employability Services Team and Routes to Work have also delivered a range of support to people who have found themselves facing redundancy and unemployment. This has included:

- Initial telephone assessments to establish the most appropriate support.
- Clients being allocated a dedicated case worker to support their journey into employment.
- Assistance with advice and guidance, goal planning and job matching.
- Access to online training.
- Access to in-work support.
- Redundancy support via the Partnership Action for Continuing Employment (PACE) approach.

Routes to Work has been liaising closely with the Council's employability service in relation to their interim service provision arrangements and future expectations from the Council in terms of their approach and activity. Given the significant rise in unemployment and potential future labour market challenges as the furlough scheme begins to taper and end it is anticipated that there will be an increased commitment nationally and locally toward providing support to unemployed residents and employers, with the possibility of additional national funding to support Council efforts. While the current social distancing guidelines will present a challenge, the organisation's case workers have always worked in community based settings across the area and were already equipped for mobile working prior to the current crisis.

2.1.5 Employability Services also recently launched a new Wage Subsidy Programme designed to support employers to recruit unemployed North Lanarkshire residents. Support with 50% of the employee's wage, to a maximum of the Living Wage rate, for twelve months, paid in advance to support employers with their cash flow is available to SME's in North Lanarkshire.

2.1.6 Business Gateway Lanarkshire also swiftly adapted to provide uninterrupted business support services with an immediate shift to remote working for staff and virtual workshops to businesses. They have provided advice and support to companies to help them respond and adapt their business plans accordingly.

2.1.7 To help understand the impact on local businesses and inform the council's response to supporting economic recovery, both Business Gateway Lanarkshire and the council's Enterprise Team have undertaken business surveys. The results of these surveys are summarised below:

- NLC Business Survey

In July a business survey was issued by the Enterprise Team generating responses from 814 businesses which is around 10% of North Lanarkshire's 8,290 registered enterprises. Key findings include:

- 96% of respondents said that Covid-19 has had a negative impact on their business.
- 669 businesses (83%) said they have experienced a negative demand side impact resulting in a drop in turnover due to the temporary closure of their business or as a result in a drop in demand for goods and/or services.
- 456 businesses (57%) reported reduced cashflow/ liquidity resulting in delayed payments to creditors or staff being made redundant.
- 60% of respondents reported they had furloughed staff (3,763), and of those 39% have returned to work.
- 20% of businesses said they planned to reduce their workforce in the future,
- Around a quarter of business are planning to move to more flexible working to accommodate staff travel to work arrangements and/or family commitments
- 12% of businesses reported that they had been rejected for one or more government support schemes
- 61% of businesses are extremely concerned about lost income over the next 3 months
- Almost a quarter of respondents (23%) said they had no cash reserves remaining. A further 47% of respondents only have reserves to cover 3 months or less.

- Business Gateway Lanarkshire Survey

257 individual business responses were recorded by business advisors across Lanarkshire, 46% were for North Lanarkshire and 54% in South Lanarkshire. Some of the key findings include:

- 45% of businesses stopped trading overnight.
- 61% retained 100% of their workforce, minimising redundancies and reducing working hours.
- 60% put staff onto furlough.
- 91% of sales and revenue directly affected.
- 80% depleting cash reserves.
- 20% had no reserves or enough to last 1 month.
- 37% actively engaged with their banks.
- Uptake rate of 52% for Coronavirus Job Retention Scheme.
- 51% benefitted from Scottish Government Cash Grants.

## 2.2 Recovery

2.2.1 While continuing to provide support to businesses to help them access available funding and survive the immediate impacts of coronavirus and lockdown, there is a need to now focus on how the council and its partners can support economic recovery in the short, medium and longer term. This support will not only help businesses to survive but will also enable existing businesses to adapt and grow, attract new business growth, and create a more resilient and inclusive economic base for the future.

2.2.2 As outlined above, the council only recently approved its Economic Regeneration Delivery Plan, which seeks to build on the many strengths and opportunities that North Lanarkshire offers, including:

- Strategic location

North Lanarkshire is well located and well connected through its road and rail network, and increasingly, its digital connectivity making it an attractive proposition for new businesses, and residents potentially re-locating from the cities.

- Supply of available and affordable land

North Lanarkshire has almost 50% of the marketable developable land in the Glasgow City Region area and offers good value for money.

- Opportunity to build on our strong business and industry offer

As more businesses develop their on-line offering there is likely to be a strong demand for warehouse/distribution facilities, and North Lanarkshire has a range of suitable locations and investment opportunities, including provision by Fusion Assets and North Lanarkshire Properties.

- Public sector investment opportunities

The council remains committed to the delivery of its Ambition programme including new housing; town centre regeneration; town and community hubs and infrastructure improvements. In addition a new hospital is planned to replace Monklands Hospital, all of which will bring significant opportunities to create local employment and training.

- Strong business support offer

Despite constraints on the council's own resources it continues to provide a range of practical support and advice for both existing and potential new businesses, which helps attract and sustain investment in the local economy and create employment. The Business Gateway Service also delivers bespoke business support and specialist advice services for new and existing SMEs.

The ERDP Action Plan 2019-2023 is being reviewed and updated to reflect the changes brought about by Coronavirus, and ensure all actions are aligned with the Economic Recovery Plan to support economic recovery, and of course, continue to deliver on the council's Ambition programme.

2.2.3 The analysis of the economic data and market intelligence available, including the local business survey and early sector engagement, has helped identify a number of key areas that the Economic Recovery Plan will need to focus on in the short to medium term, including:

- Business Support
  - Ensure available resources within the council are effectively targeted to provide the necessary advice and support to local businesses, which will be informed by available data and local market intelligence.
  - Ensure the council maximises potential external funding support for North Lanarkshire businesses, including funding from the European Union; Scottish Government and Scottish Enterprise.
  - Develop a one-off Business Recovery Fund to help support SME local businesses to adapt their businesses and be more sustainable. **This is the subject of a separate report to this committee.**
  - Continue to promote uptake of the Wage Subsidy Programme to support SME employers to recruit unemployed North Lanarkshire residents.
  - Improve co-ordination across and between council services/NLP/ Fusion assets, to provide a more joined up service to support local businesses and attract investment in the area.
  - Continue with a regular programme of key sector engagement, using online forums, webinars etc.
  - Procure a Framework for delivery of specialist business support services, supported by ERDF.
  - Procure a new Business Gateway contract from March 2021, which will support development of new businesses and help existing businesses to recover and grow.
  - Continue to progress development of a Manufacturing Innovation Hub that comprises a co-working hub for SMEs and a robotics and automation workshop at New College Lanarkshire's Ravenscraig Campus that leverages funding from the European Regional Development Fund (ERDF) and Scottish Government via the Advancing Manufacturing Challenge Fund. **This is the subject of a separate report to this committee.**
  
- Improving/developing our industrial offering
  - Review and progress delivery of ERDP Actions relating to developing and improving business and industrial space, to capitalise on current and projected strong demand for large warehouse/storage/ distribution premises.
  - Progress the 14 start-up units in Orbiston Street to completion in conjunction with North Lanarkshire Properties LLP and Hub South West.
  - Investigate leveraging external funding to improve existing infrastructure and potential for new start-up units at Braidhurst Industrial Estate.
  - Continue to collaborate with Fusion Assets to identify and develop new commercial infrastructure.

- Ensuring future public sector procurement opportunities maximises opportunities for local people and businesses.
  - Ensure delivering economic benefits, employment and skills development for North Lanarkshire residents, is at the heart of the future Enterprise Strategic Commercial Partnership currently being procured.
  - Continue to support and promote the Supplier Development Programme to help local businesses access public procurement opportunities. **This is the subject of a separate report to this committee.**
  - Further explore the Community Wealth Building model and other options to deliver on the sustainable procurement duty and to increase benefits to the local economy from public sector spend on supplies, services and works.
  
- Ensuring that our current and future workforce have the necessary skills and support to access employment opportunities
  - Delivery of the council's Workforce for the Future Strategy as approved at policy and Strategy Committee on 19 March 2020
  - Support job creation through targeted engagement with SME's to ensure that they are aware of the recruitment support available through Employability Services
  - Effective delivery of employability support for all ages and stages of those who are unemployed and residing in North Lanarkshire, with a particular emphasis on those who are most vulnerable
  - Work in partnership with DWP to support delivery of the Kickstart Programme
  - Support delivery of Scottish Government's Youth Guarantee Programme
  - Target large employers to provide support with large scale recruitment drives, e.g. Honeywell
  - Continue to support the PACE partnership with Skills Development Scotland for those at risk of redundancy
  
- Inward investment/ Invest here
  - As part of the council's ambition to become *the* place to Live, Learn, Work, Invest, and Visit, a new Invest website and marketing campaign will be developed to promote North Lanarkshire. The Enterprise team will support businesses and investors to relocate to North Lanarkshire to drive inclusive economic growth and job creation.

2.2.4 The initial priorities and actions to support Economic Recovery will be further developed, in conjunction with key stakeholders and partners over the coming months and the final Economic Recovery Plan reported to a future committee for approval.

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### **3. Equality and Diversity**

#### **3.1 Fairer Scotland**

The actions taken in response to the economic impact of Coronavirus, and the development of an Economic Recovery Plan, are aimed at improving economic outcomes for residents of North Lanarkshire and seeking to reduce inequality.

#### **3.2 Equality Impact Assessment**

An Equality Impact Assessment will be required as part of the development of the Economic Recovery Plan

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### **4. Implications**

#### **4.1 Financial Impact**

There are no direct financial implications associated with this report. The activity outlined within the report is already budgeted for or is subject to separate reports to this committee.

#### **4.2 HR/Policy/Legislative Impact**

There are no direct HR/policy or legislative impacts associated with this report.

#### **4.3 Environmental Impact**

There are no direct environmental impacts associated with this report

#### **4.4 Risk Impact**

4.4.1 The risks associated with activity related to supporting Economic Recovery will be incorporated within the Service Risk Register.

4.4.2 The risk to the council of not proactively supporting economic recovery is that the economic impact of coronavirus could be even more severe and long-lasting and affect the economic prospects of our residents and our income base for many years to come.

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### **5. Measures of success**

5.1 The measures of success and performance indicators will be developed as part of the Economic Recovery Plan.

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### **6. Supporting documents**

6.1 Report by Advisory Group on Economic Recovery can be found via the following link: <https://www.gov.scot/publications/towards-robust-resilient-wellbeing-economy-scotland-report-advisory-group-economic-recovery/>

6.2 Responses to the Advisory Group on Economic Recovery (AGER) and the Enterprise and Skills Strategic Board (ESSB) report can be found via the following link: <https://www.gov.scot/publications/blueprint-scotlands-wellbeing-economy/>

- 6.3 Economic Regeneration Delivery Plan and Action Plan can be found via the following link: <https://www.northlanarkshire.gov.uk/index.aspx?articleid=34250>
- 6.4 A guide to Support for Businesses, including Covid19 Business Support Summary, can be found via the following link:  
<https://www.northlanarkshire.gov.uk/index.aspx?articleid=34891>
- 6.5 Workforce for the Future Strategy report to 19<sup>th</sup> March 2020 P&S Committee can be found via the following link:  
<https://mars.northlanarkshire.gov.uk/egenda/images/att92786.pdf>



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