

## Local Economic Recovery Strategy (LERS) – Updated Refresh

To:	Business Board
Meeting Date:	16 March 2021
Public report:	Yes
Lead Member:	Chair of the Business Board, Austen Adams
From:	Director for Business & Skills, John T Hills
Key decision:	No
Recommendations:	The Business Board is invited to:

Recommend the Combined Authority Board approve the updated version of the Local Economic Recovery Strategy (LERS) for Cambridgeshire & Peterborough.

### 1. Purpose

- 1.1 The first iteration of the CPCA's Local Economic Recovery Strategy (LERS) was approved by the Combined Authority Board in September 2020. This followed on from discussions by the Combined Authority Board, Skills Committee, and Business Board that the LERS should be a live document.
- 1.2 The first iteration was further updated to reflect the evolving impact of the economic shock and the further national and global restrictions that are being imposed, and to help prioritise the rollout of interventions. The second iteration was approved by the Combined Authority Board in November 2020.
- 1.2 This latest, third version of the LERS (attached at Appendix 1) is now presented to the Boards for approval following further updates to reflect new and emerging impacts of COVID-19. To ensure the LERS reflects local recovery priorities, the strategy has been further developed with Local Authority officers and local business organisation representatives through the Local Economic Recovery Sub-Group (ERSG). It has also undergone review and development through workshops held with the ERSG, Business Board and the Employment & Skills Board during February 2021.

## 2. Background

- 2.1 In early 2020 Government asked Combined Authorities to develop recovery strategies, focussed on getting people back to work, into jobs that are skilled and sustainable, and into sectors that are projected to grow. The ERSG was formed to respond to the Economic and Business Impacts of COVID-19 and to support economic recovery planning.
- 2.2 The ERSG brought together economic, policy and business expertise to co-create a LERS for Cambridgeshire & Peterborough in September 2020. At that time, it was widely accepted that the LERS would be a live document which would be adapted to respond when new impacts on the local Economy and Business emerge and become clearer. The strategy was then subsequently updated in November 2020, based on further and more in-depth impact analysis.
- 2.3 The November 2020 LERS prioritised interventions taking into consideration their positive impact, cost and funding availability. It focussed on the immediate initiation and delivery of fully funded interventions that had maximum, immediate impact on both businesses and people, whilst contributing to laying the foundations for longer term recovery and future growth. It also identified several projects where further consideration of funding, deliverability and impact would be needed.

## 3. New and emerging strategic context

- 3.1 The context of the LERS in March 2021 is very different now to in the Autumn of 2020, when the previous version was drafted. These changes were based on issues including:
  - **The winter COVID-19 spike affected the CPCA area more than previous outbreaks.** COVID-19 cases reached a new peak at the start of January and have since gradually started to decline, matching the national picture.
  - **The January national lockdown had more of an impact on movement in the CPCA area than the November restrictions.** More businesses are showing signs of distress, with increased numbers reporting lower cash reserves and reduced profitability, while commercial property vacancy rates are increasing.
  - **The extension of the employment support schemes has continued to act as an effective break on increasing unemployment.** Universal credit claims continue to rise month on month (67,000 in December) but vacancies have rebounded after a decline in November, with 10,500 online job postings in December.
  - **The impact on many businesses and households, as they focus on managing the impacts of a longer than anticipated economic downturn.** Whilst the Bank of England's latest forecast is for a strong and rapid economic recovery as vaccination levels rise and we get into late Spring and Summer, the economy contracted again in November following earlier recovery and is likely to have performed weakly in January through to February.

- **The 2020 Brexit deal has brought in new trade rules** which are focussing business attention on supply chains and managing new regulatory requirements.
- **A range of surveys show that most businesses plan to accelerate their adoption of new technology.** Consumer preferences have also changed, with an accelerated shift to online / delivery shopping and digital services. This will create new opportunities but also displace roles. Young people and women are particularly likely to be in at-risk roles.
- **The Government's shift away from local to nationally administered and awarded support programmes**, such as the Levelling Up Fund, Shared Prosperity Fund, into which the CPCA, Local Authorities and businesses will need to make the best possible case, to secure resources in a nationally competitive funding environment.

3.2 Our recovery strategy therefore needs to continue to evolve to reflect the economic impacts of the pandemic and now includes:

- New response actions and support schemes that Local Authorities have put in place, both with Government and unilaterally, since November 2020.
- The need for renewed support for reopening as restrictions are lifted.
- Clearer objectives for each phase – e.g. continuing to protect jobs and viable businesses whilst also supporting investment in future skills and retraining.
- Building the case for future support from Government, including through the Levelling-Up Fund and Shared Prosperity Fund, by being clear about how the three different parts of the CPCA economy are priorities for levelling up, overall UK growth and recovery and zero carbon transition.

## 4. Next steps and future iterations of the LERS

- 4.1 The CPCA will continue to work with Local Authorities, GCP and other partners to further develop this iteration of the LERS, whilst continuing to deliver on those interventions already agreed and to ensure that the implementation of this iteration of the LERS meets longer term recovery requirements alongside the ongoing economic response needs.

## 5. Financial Implications

- 5.1 The LERS includes a broad range of interventions (explained in Appendix 2 (Appendix 1 of the LERS)) each of which have financial implications; however, these interventions are approved individually by the relevant authority outside of the strategy as a whole, thus there are no direct financial implications to this report.

## 6. Legal Implications

6.1 None

## 7. Other Significant Implications

7.1 None

## 8. Appendices

8.1 Appendix 1 – Local Economic Recovery Strategy (LERS) – Draft March 2021 Update

8.2 Appendix 2 – Interventions Explained (Appendix 1 to LERS)

## 9. Background Papers

9.1 'Covid-19 Economic Recovery Strategy Update' – [Agenda Item No. 6.3, Combined Authority Board Meeting – 30<sup>th</sup> September 2020](#)

9.2 'Covid-19 Local Economic Recovery Strategy – Business Board (November 2020)' – [Agenda Item No. 3.2, Combined Authority Board Meeting – 10<sup>th</sup> November 2020](#)