



<b>SKILLS COMMITTEE</b>	<b>AGENDA ITEM No: 3.1</b>
<b>9 NOVEMBER 2020</b>	<b>PUBLIC REPORT</b>

## LOCAL ECONOMIC RECOVERY STRATEGY UPDATE

### 1.0 PURPOSE

- 1.1 To update members on the latest version of the Local Economic Recovery Strategy following further evidence-based insight.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Cllr John Holdich, Lead Member for Skills</b>
<b>Lead Officer:</b>	<b>John T Hill, Director for Business &amp; Skills</b>
<b>Forward Plan Ref:</b>	<b>Key Decision: No</b>
The Skills Committee is recommended to:  (a) Recommend the Combined Authority Board approve the updated version of the Local Economic Recovery Strategy (LERS) for Cambridgeshire & Peterborough	<b>Voting arrangements</b>  Simple majority of all Members

### 2.0 BACKGROUND

- 2.1. In Spring 2020, the Economic Recovery Strategy Group (ERSG), was formed to respond to the Economic and Business impacts of Covid-19.
- 2.2. Comprising of Local Authorities officers together with representatives of local business membership organisations, the ERSG co-created a joint Local Economic Recovery Strategy (LERS) over the summer of 2020.
- 2.3. Comprising of a range of specific interventions to accelerate the recovery of the local economy, the first version of the LERS was presented to Business Board, Skills Committee and Combined Authority meetings in September 2020.

2.4. Using the latest Covid-19 Economic Insight Data that has been generated through our parallel project with Metro Dynamics, this first draft of the Local Economic Recovery Strategy (LERS) has now been updated to:

- (a) reflect the evolving impact of the economic shock and the further national and global restrictions that are being imposed, and to
- (b) help prioritise the rollout of interventions.

### **3.0 METHODOLOGY**

- 3.1. Our Partners at Metro Dynamics have continued to monitor a wide range of economic and social indicators to track the evolving impact of Covid-19 on the overall CPCA economy and its three economic areas.
- 3.2. Working with Metro Dynamics, we have put in place a new online portal which automatically updates the available data monthly (and will be available to Leaders and CPCA Boards at the end of October 2020). This will provide a single, reliable, source of data for all partners. As new data sets or information becomes available it will be added to the dashboard.
- 3.3. A monthly insight report will summarise the latest economic impact for Leaders and CPCA Board members.
- 3.4. Through Metro Dynamics, we have also looked at the original scenarios that were developed in the first draft of the LERS to assess the potential impact of Covid-19 against the CPCA's overall strategic objective of doubling GVA over 25 years and our component strategies in relation to skills and individual sectors.
- 3.5. Metro Dynamics have then assessed the proposed interventions in the draft LERS that were agreed in September, against the latest data and updated scenarios. This process has not in any way slowed down delivery of those immediate support projects that were already underway and approved. Instead, this ensures that the LERS is a genuinely living document, able to respond to further changes in the national and local position.
- 3.6. In order to strengthen our case for future investment from central government Metro Dynamics have also developed a clear logic chain, to show how the interventions in the LERS clearly link to evidence and are targeted so that they meet a clear need or opportunity and are directly linked to recovery.
- 3.7. A new revised LERS can be found in Appendix 1. It will then be further updated in January to ensure that it reflects the emerging position on employment and the trajectory of recovery.
- 3.8. In addition, a summary of the current assessment of the impact of interventions on different phases of recovery is at Appendix 2.

## 4.0 EXECUTIVE SUMMARY OF FINDINGS

- 4.1. The “V-shaped” scenario, where the economy recovers to join the pre-Covid growth trend in 2021, is no longer credible. Although at first glance the economy has rebounded quickly in the third quarter of 2020, **monthly** data shows that economic growth is already stalling.
- 4.2. While GDP has grown every month from May onwards, the rate of growth has been slowing, meaning that **overall** GDP is levelling out while it is still almost 10% lower than at the start of the year.
- 4.3. This reinforces the importance of the approach agreed by the CA Board in September of continuing to focus short term recovery interventions on shortening the period of any stagnation and supporting people effected to retrain and access new job opportunities as quickly as possible.
- 4.4. Analysing projects for their impact in different recovery phases suggests the following conclusions:
  - (a) The available evidence suggests that interventions targeted at reskilling and re-employment, including enterprise, will have the most immediate impact on economic and social recovery and the delivery focus on these should be relentless in the months ahead.
  - (b) The CPCA and its partners have very limited influence on wider market conditions, national and local restrictions and consumer confidence. Therefore, the short-term impact on business growth and trading is significantly outside our control, but the pace of a future rebound to growth will be influenced by what is done now. Therefore, investment to support inward investment, business scale up and growth and specific sectors is vital for longer term recovery and rebound, even if the very short term (2020 and early 2021) impacts are low.
  - (c) Long term investment in infrastructure, including housing, are still crucial to long term growth rates, consistent with the CPIER and Local Industrial Strategy. Where funding is not yet identified and approvals not in place, their impact on short term recovery and rebound should not be overestimated, and future project development will need to carefully reflect market conditions at the time and effectively embed actions that lock in social value and zero carbon benefits, which cannot simply be assumed.
- 4.5. Current forecasts suggest that jobs are most vulnerable in lower skilled sectors. If this continues, then retraining and reskilling becomes doubly important, as people affected may not find it easy to get jobs in more highly skilled sectors where growth may be concentrated. Reopening leisure and hospitality sectors may not replace a high percentage of jobs lost, as new technology and social distancing changes staffing levels, for example.

- 4.6. The long-term spatial impacts of behaviour change such as more home working are as yet hard to quantify. Technical spaces such as workshops and labs will remain in strong demand and ongoing investment in incubator space for firms with specialist requirements in a range of sectors, as well as larger scale cluster development appears at this stage to be a sound priority.

## **5.0 NEXT STEPS**

- 5.1. The CPCA will work with our local stakeholders to implement the interventions that have now been ratified and prioritised with the benefit of this stronger evidence base.
- 5.2. Once noted by the Business Board, the LERS will be socialised with key stakeholders – both public and private sector.
- 5.3. Previous feedback and further comments received from stakeholders will be incorporated as part of a full refresh of the LERS, provisionally intended for January 2021.
- 5.4. In the meantime, the LERS will remain a live document and will be stress-tested against the monthly production of the monthly COVID-19 Impact Insight Dashboards where any new findings will be included in the intended January refresh of the strategy.

## **6.0 FINANCIAL IMPLICATIONS**

- 6.1. The LERS includes a broad range of interventions each of which have financial implications (as detailed in Appendix 2).
- 6.2. However, these interventions are approved individually by the relevant authority outside of the strategy. Therefore, there are no direct financial implications to this report, other than those already in the medium term financial plan (MTFP).

## **7.0 LEGAL IMPLICATIONS**

- 7.1. There are no legal implications

## **8.0 OTHER SIGNIFICANT IMPLICATIONS**

- 8.1. There are no other significant implications

## **9.0 APPENDICES**

- 9.1. Appendix 1 – LERS Main Strategy Document
- 9.2. Appendix 2 – Interventions Explained (LERS Appendix 1)

<b><u>Background Papers</u></b>	<b><u>Location</u></b>
Skills Committee 14 September 2020	<a href="#">Skills Committee 14 September 2020</a>