



Covid-19 Update

To:	Overview & Scrutiny Committee
Meeting Date:	22 March 2021
Public report:	Yes
Lead Member:	Austen Adams, Chair of the Business Board
From:	John T Hill, Director for Business & Skills
Key decision:	No
Recommendations:	The Overview & Scrutiny Committee is recommended to: <ul style="list-style-type: none">• Note the latest Covid-19 update from the Business Board.

1. Purpose

- 1.1 This report provides the Overview & Scrutiny Committee with an update on COVID-19 and response from the Business Board to enhance local economic recovery work in Cambridgeshire & Peterborough.

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 Economic Recovery Sub-Group (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 to reflect the evolving impact of the economic shock and the further national and global restrictions that were being imposed.

- 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.
- 2.4 The latest version (third iteration) of the LERS is being presented to the Boards for approval in March 2021 following further updates to reflect new and emerging impacts of COVID-19 and is attached as Appendix 1 and 2.
- 2.5 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.
- 2.6 Furthermore, and in recognition of the dramatic impact that the coronavirus pandemic was having across all sectors of the SME business community, the Business Board very quickly devised and launched two grant schemes that made a real difference not just to ensuring survival, but to also help lay the foundations to support recovery and future growth aspirations. As a result of this rapid response a total of 260 SMEs were supported across the two schemes, sharing a total of just over £6m.

3. New and emerging strategic context

- 3.1 The context of the LERS in March 2021 is very different now to what was in the Autumn of 2020 when the previous version was drafted. These changes include issues such as:
- **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 The local 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, 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 and Business Board 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.
- 4.2 This will include a response to Government's Budget announcement made on 3 March 2021, and the key excerpts relevant to businesses in Cambridge & Peterborough. A business focussed summary of the Budget 2021 is attached as Appendix 3.

5. Financial Implications

- 5.1 The LERS includes a broad range of interventions 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 1a – Local Economic Recovery Strategy (March 2021)

8.2 Appendix 1b – Local Economic Recovery Strategy - Appendix 1 – Interventions Explained (March 2021)

8.3 Appendix 2 – Budget March 2021 Summary for Business

9. Background Papers

9.1 September 2020 – CA Board documents - [CMIS > Meetings](#)

9.2 November 2020 - CA Board documents - [CMIS > Meetings](#)