

# Public Document Pack



**WOKINGHAM  
BOROUGH COUNCIL**

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To:- All Committee Members

## **COMMUNITY AND CORPORATE OVERVIEW AND SCRUTINY COMMITTEE - MONDAY, 21ST JUNE, 2021**

I am now able to enclose, for consideration at the next Monday, 21st June, 2021 meeting of the Community and Corporate Overview and Scrutiny Committee, the following reports that were marked as 'to follow' on the agenda sent out recently.

### **Agenda No    Item**

15.    **Covid-19 - Business & Economic Development Recovery Update (Pages 3 - 12)**

To consider an update on the Borough's ongoing Business and Economic Development recovery as a result of the Covid-19 pandemic

Yours sincerely

A handwritten signature in black ink, appearing to read 'Susan Parsonage', written in a cursive style.

Susan Parsonage  
Chief Executive

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<b>TITLE</b>	<b>Covid-19 Response Update – Business &amp; Economy</b>
<b>FOR CONSIDERATION BY</b>	Community and Corporate Overview and Scrutiny Committee on 21st June 2021
<b>WARD</b>	None specific
<b>LEAD OFFICERS</b>	Rhian Hayes - Assistant Director Housing & Place Commissioning

## **OUTCOME / BENEFITS TO THE COMMUNITY**

The report provides an update of the work underway to support local businesses during the Covid pandemic and into recovery.

## **RECOMMENDATION**

That the Committee note this Business and Economy Update report which sets out the Council's response to the Covid-19 pandemic

## **SUMMARY OF REPORT**

This report provides an update of the work that has been undertaken by the Council to support businesses during the pandemic. Although, information about the economy at a local level is still incomplete, as much as possible, the report seeks to analyse the impact of Covid on the Wokingham Borough economy. This includes feedback from direct engagement with local businesses to understand the immediate and potential future issues they face.

The Council has provided support and advice to our businesses throughout the pandemic. Including, the distribution of business grants, signposting to business support, providing good access to Covid testing facilities, providing expert advice on compliance and investing in a team of business marshals to help create a safe trading environment to attract customers back into the town centres.

There is recognition amongst businesses that we will need to adapt to new ways working going forward. How businesses operate has changed with more people working from home and there has been an increase in online shopping. There are also new opportunities for economic growth and renewal in the borough which we need to make the most of. We need to ensure that all our residents benefit from the economic prosperity and have access to employment opportunities that this brings.

Whilst the majority of our work to date has been reactive, we are now transitioning into the recovery stage for the borough's economy and businesses. This will be informed by our improved links to businesses and business organisations and supported by the Wokingham Business Taskforce. Over the coming year we plan to speak with all of our businesses and develop a strong lasting relationship with our business community.

The Council wide draft Recovery Strategy is in development and will go to the Executive in June 2020. Once approved a detailed action plan will be developed to support delivery of the strategy.

## **Background**

The past 15 months, since the start of the pandemic, have been a challenging time for businesses, employees and the economy in general.

Since the initial lock down was announced in March 2020 there have been a number of restrictions effecting businesses and residents in an effort to control the spread of the virus. Businesses have had to respond to frequently changing regulations and advice, which have added complexity to their operations and in some cases restricted their customer base to levels that have threatened their viability and, in many cases, forced them to close.

The Government has announced a number of incentives to support businesses, including business grants (distributed by the Council) and the furlough scheme which has helped keep people in employment until the economy recovers sufficiently to allow businesses to retain their staff.

Many businesses, particularly office-based businesses have operated with most of their employees working from home. A move enabled by technology, which has proven so successful that it has been embraced as a new model of working by many companies. Employees are tending to travel less frequently into large towns such as London. At the same time businesses are looking to relocate out of London into areas that offer better access to rural areas, where commercial property is cheaper yet still provides good access to London.

On occasion, the pandemic has sped up changes that were already in motion. An example is the change in how people use their high streets, with an increasing number of shoppers turning to the convenience of online shopping. As a result, we have seen a number of well recognised retail brands close down their high street stores during the pandemic. But our high streets have also seen people returning in droves as they attract residents who are looking for an experience beyond the traditional retail offer.

The initial impact of the vaccine programme looks promising and the Government's road map to reopening the economy is underway. The Council has a key role in terms of recovery and has developed a draft Recovery Strategy that will be submitted to Council in June 2020. There are eight pillars of recovery in the strategy and two of these relate to the local economy: Supporting & Strengthening Businesses and the Local Economy; and Stimulating Job Creation & Skills.

The experience of Covid has changed the way we do things but also offers new opportunities for the economy. As a Council we are responsible for place making and have an opportunity to create a place that attracts investment and skills to ensure that the borough continues to prosper. As part of this we will be working to create a shared understanding place which can be used to promote the benefits to the national and international business community.

## **Business Intelligence and Economic Analysis**

Data and information about the local economy is still patchy and it's difficult to identify any trends in the economy at a very local level. Data is often conflicting and constantly changing. For example, unemployment amongst young people and older people is

comparatively high yet certain sectors such as hospitality and care are still reporting shortages. We know that the furlough scheme is also masking the true nature of unemployment.

In order to support our businesses effectively we recognise it is crucial to understand their concerns and issues and develop more effective links and partnerships at all levels. We have been working closely with the Thames Valley Berkshire Local Enterprise Partnership (LEP) as well as economic development colleagues in our neighbouring Berkshire authorities.

As well as information being produced at a national and regional level we have carried out our own Business Health Check surveys which, whilst the response was relatively low, has provided some useful business intelligence and helped us provide additional advice and support to local businesses.

### National Context

The timeline of National policy measures responding to Covid

- On 8<sup>th</sup> December 2020, the first vaccine was given in the UK. As of 14<sup>th</sup> June 2021, 79.2% of adults in the UK have received their first dose, 56.9% have received their second. In Wokingham, 76.6% of adults have received their first dose and 51.3% have received their second. As for the UK overall, uptake across England is higher than both the region and local authority, for both doses (78.7% and 57.4%).
- On 4<sup>th</sup> January 2021 the UK entered its third national lockdown due to a drastic jump in cases which was attributed to a new variant of Covid, now known as the Alpha (Kent) variant. The dominant variant in the UK is now the Delta (India) variant and there have been 29 confirmed cases in Wokingham.
- On 22<sup>nd</sup> February Prime Minister Johnson announced a cautious roadmap out of lockdown, beginning with schools opening on 8<sup>th</sup> March, with a vigorous testing regime in place in secondary schools.
- The first easing of lockdown to impact the economy took place on the 12<sup>th</sup> April, with outdoor hospitality opening as well as non-essential shops, gyms, community centres and close-contact services such as hairdressers and beauty salons.
- Likewise, following on from this, on the 17<sup>th</sup> May indoor hospitality and entertainment was opened, in addition to remaining accommodation providers, indoor sports, limited indoor performances, and with caps identified for numbers of people attending sporting events inside and outside. Working from home is still encouraged where possible.
- The next step will be to fully reopen the economy and reopen premises like nightclubs and allow larger performances, events and 'life events' such as weddings above 30 people, all informed by research.
- The next step for full reopening is scheduled to take place no earlier than the 19<sup>th</sup> July to give an opportunity to provide more vaccinations.
- Businesses who have voiced concerns regarding this new timing include weddings, music, hospitality and the night-time industries.
- On 3<sup>rd</sup> March the Chancellor announced in his spring budget that the Job Retention Scheme would be extended to 30<sup>th</sup> September 2021. There are changes to employee eligibility and employer contributions which take effect from May 2021 and July 2021 respectively.

With much of the national information there is a time lag however some key recent findings include:

- In February 2021 the UK unemployment rate was estimated at 5.1%, 1.3 percentage points higher than a year earlier and 0.4 percentage points higher than the previous quarter.
- More recent data shows that from the 17th to the 30th May 7% of the national workforce were on furlough – the lowest level since June last year.
- There was a recorded 163,821 unique remote job postings in England in March of 2021, rising from 35,331 in March 2020 – an increase of over 360%. From these figures it's apparent that the COVID-19 pandemic has, prompted a massive boost in job postings for explicitly remote roles.
- During 2020 as a whole, GDP contracted by 9.9%, marking the largest annual fall in UK GDP on record
- April 2021 saw the fastest monthly growth in GDP since July 2020 – sectors experiencing growth include service, accommodation, and food, and sectors with less stable output include construction and manufacturing. Services have been the principle contributor to GDP growth during the spring months.
- British Chamber of Commerce quarterly economy survey for Q1 of 2021 - released at the beginning of April - found that “the percentage of firms expecting turnover to increase over the next twelve months has returned to near pre-pandemic levels” and that the most confident were professional service firms and marketing/media firms

Although, there are some signs of recovery, in general, data shows that the impact of Covid has had a significant negative impact on the UK economy. There are still a number of unknowns. Including the impact of lifting furlough and possibility of future lockdowns

### Regional Economy

- Across Thames Valley Berkshire, claimant unemployment has almost tripled in the last year, rising from 10,955 in February 2020 to 31,185 in February 2021.
- Only London and South East are expected to employ more people in 2023 than 2019. London, South East and North West economies have contracted the least in 2020
- TVB LEP has identified the following industries to be at most at risk in the region, Manufacturing, Arts, Entertainment and Recreation, Hospitality and Tourism, Non – food Retail and Wholesale as well as Aviation
- Resilient sectors include Transport and Logistics, Construction, Digital Marketing and Advertising and Financial Technology (TBV LEP)
- (Richard Baker, Managing Partner EY) The levelling up agenda is a key priority for national economic recovery coming out of the pandemic with a focus on the North-South divide. The EY believes the South East, as a region, “must also address its own economic challenges and work towards a joined up regional plan which allows the region to continue to attract investment, provide opportunities for business creation and growth, and which also develops skills and retains employment”
- Business confidence was at a low level across the UK for much of 2020 but began to recover in October and is estimated to have held steady despite the third national lockdown. Companies in the South East region are reportedly the most optimistic about a strong sales recovery in 2021.

## Local Economy

- The claimant count in Wokingham Borough has risen significantly from 1.1% in Spring 2020 to 3.5% in August and September 2020; this has now fallen slightly to 3.3% as of April 2021.
- 10,900 jobs (13% of total jobs) furloughed in Wokingham Borough this is less than any other Local Authority in Berkshire (HMRC, March 2021). Berkshire has a lower-than-average number of furloughed workers, compared to the rest of the UK, because of its relative strength in sectors of industry that can be continued by workers from home.
- Lockdown measures and Government incentives have meant the housing market has seen the strongest Spring seller's market in a decade, due to excess demand. According to Zoopla, in Wokingham there has been a rise of 1.98% in average property prices, from March to June 2021, and a rise of 7.36% since summer 2020. Rightmove states that there has been a 3% rise in sold prices in Wokingham over the last year.
- Wokingham has been significantly less affected by the Covid shutdowns than both the Thames Valley Berkshire area and Great Britain as a whole. This is likely due to the high levels of employment from the Tech sector as this industry is able to work well from home. (Source: EMSI, March 20)
- Despite Covid 11 new shops have opened up in the Wokingham town regeneration.

## Wokingham Business Health Check Survey

The Council has sent out a Covid-19 Business Survey in April 2021 to understand how businesses are operating and adapting in the face of the Covid pandemic and the possible long-lasting changes they will face. In total 96 businesses responded to this survey,

Some key findings of those businesses who responded include:

- 70% of businesses had received Covid support funding from the Council.
- 50% had used the furlough scheme.
- 54% of the businesses who responded said that they are surviving but need help, 26% said that they need to adapt to thrive, 11% said they were doing well and 10% of businesses said they are struggling, and not likely to continue trading.
- 34% had concerns about their employees' health and wellbeing.
- 30% of businesses not going back into their workplace now or in the near future.
- 51% of businesses said they or their employees are getting tested for Covid on a regular basis.

Comments from businesses have been wide ranging. A sample of some of these are set out below

*'I wouldn't still be in business if it weren't for the discretionary grant from WBC. Thank You'*

*'The pandemic has accelerated the move to cloud based services ... which has helped my business'*

*'Even with your grants I'm struggling to keep my head above water'*

*'Ours has been difficult due to the pandemic and your support during the period has been invaluable'.*

Businesses who have provided their contact details will be followed up with an individual discussion.

### Wokingham Business Taskforce

The Taskforce consists of representatives from individual businesses, business groups and associations, support and advisory groups, the Council's Chief executive and other senior staff and the Lead Member for Economic Development. It is chaired by a member of the business community and is helping to shape and monitor our longer term economic recovery plans.

### **Support for the Borough's Economy Since the Beginning of the Pandemic**

Over the last year the Council has

- Created a digital newsletter now being distributed to over 5100 businesses on a regular basis.
- Carried out engagement with over 1300 businesses as part of Covid response since January 2021.
- Distributed business grants and rate relief worth over £50m including the full allocation of discretionary grant funding.
- Established a Covid marshal service working closely with the Public Protection Partnership to support businesses to operate safely and to instil public confidence in the economy.
- Hosted two successful online virtual markets to support local craft traders and provide a different offer for residents at Christmas and Easter.
- Supported our towns to reopen by hosting a Joint Recovery Meeting. The Council had helped our towns reopen safely and in trouble shooting any issues they have had during the lockdowns and have successfully secured approximately £300k of funding to invest in their public realm.
- Helped young people remain in full time education. The number of young people who completed statutory education in summer of 2020 and returned to full time education increased from 92% to 94%.
- Delivered careers information advice and guidance sessions remotely since the start of the pandemic and 44 young people 16-18 have moved from NEET (not in education employment or training) to EET (in education, Employment or training).
- Encouraged more young people to engage in Traineeships with strong relationships built with new providers.
- Offered an initial 30 placements for unemployed young people through the Kick-start Programme. WBC was approved to deliver the Kick-start programme in January 2020.
- Co-funded with other Berkshire Authorities the Berkshire Opportunities Portal – a digital service to support local job seekers find work and training.
- Negotiated over 39 employment and skills plans with developers as part of the planning process since the beginning of the pandemic.
- Signposted businesses to the Berkshire Growth Hub who have launched free coronavirus advice services to further support local businesses, the Coronavirus Information & Resource Portal and free one-to-one advice session.

- Assisted businesses to access lateral flow testing facilities to help them keep their employees safe and their businesses operating.

More recently we have been distributing PRN testing kits to businesses as part of the Delta variant surge testing programme in the borough. We have contacted over 1000 businesses in the impacted area to arrange testing for their employees to help keep the economy open.

### Business Grants

The Council has also managed a number of Government grant schemes that have been introduced over various periods of the pandemic and have included both mandatory and discretionary grant allocations as well as administering rate relief.

Wokingham Borough Council has distributed a total of approximately £66 million worth of grant funding to our business during the pandemic. (Please note these figures still need to be reconciled and a final out-turn is due shortly).

This is comprised of approximately £52m of grant/business rates support in the form of Expanded Retail Discounts and Nursery Discounts to businesses between April and March 2021 and a further £14m of business rates support for the financial year 2021/22. (These numbers exclude the £3.1 million Restart grant that has been distributed since April 2021)

Importantly, this means that we have paid out our full allocation of discretionary grant funding from Government and can therefore access another tranche of funding to be disbursed from July onwards. Details are yet to be confirmed by Government, but it is anticipated the Council will receive a further allocation of approximately £1.5m.

### **Plan to Support the Borough's Economy in the Coming Year**

Although, the full impact of Covid on the there is much to do to support out businesses. Some of the activities that we plan to cover over the coming year are set out below

- Continue to analyse the impact of the pandemic on our local businesses and identify trends in the economy through gathering data and insights.
- Increase our level of engagement with the business community to understand their needs and provide support where we can, particularly in managing Covid related issues.
- Continue to distribute grants and signpost businesses to specialist business advice.
- Seek to establish an employment and skills hub to help residents seeking work into employment.
- Continue to work in partnership with anchor institutions, such as the University of Reading, corporate businesses and our commercial landlords to stimulate business growth.
- Continue to provide for the right transport infrastructure and services to support the economic recovery of our town centre and business
- Continue to provide high quality careers information, advice and guidance to all residents.
- Continue to provide advice to businesses seeking to support their employees with their emotional health and wellbeing.

- Continue to use data to understand and address the impacts on residents in poverty.
- Identify those jobs that employers find it hard to recruit to and help businesses match skilled candidates to jobs.

## **Risks and Opportunities to the Borough`s Economy**

Although, the full impact of Covid on the economy is still emerging we know that there is much that needs to be done to support our businesses. Although, the vaccine programme has seen a reduction in the number of cases, the pandemic is still far from over as a third waves threatens, and the risks of new variants and further lockdowns are still a possibility. The date for the current lock down fully lifting on 21<sup>st</sup> June has been extended to 19<sup>th</sup> July further impacting hospitality sector in particularly.

Amongst the unknowns are the impacts on employment from the ending the furlough programme. Also, the added impact of Brexit with the cost of labour expected rise, particularly for construction and hospitality sectors as many European nationals have returned home much sooner than anticipated because of Covid. The Government has announced its Levelling Up agenda with the intention of investing more heavily in those areas that have lower growth and productivity. This may present a challenge for the borough in competing for future Government funds.

There are opportunities in the economy despite Covid. Wokingham has a generally strong economy with low levels of unemployment, a highly skilled work force and is considered one of the most prosperous boroughs in the UK. This has always proved to be a good base from which to bounce back after an economic downturn. There are also signs of growth in certain sectors. In particular, the film and TV production sector with an increasing number of film studios opening across the borough. Further enhanced by plans to develop the Shinfield Studios by the University of Reading. There may also be opportunities to capitalise on the green economy as Government increasingly invests in the decarbonisation of the transport and built environment.

Through developing a more holistic placemaking approach there are opportunities for the borough to capitalise on its strengths to attract the right business investment and skills needed to maintain its strong economic position.

A strong and vibrant economy with high levels of productivity has always been the basis of the prosperity, health and wellbeing enjoyed by the borough. Covid presents a risk to the economy of which the borough needs be cautious, and needs to make sure that business are given the best possible environment in which to thrive

## **FINANCIAL IMPLICATIONS OF THE RECOMMENDATION**

***The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context***

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	Not Applicable	Not Applicable	Not Applicable
Next Financial Year (Year 2)	Not Applicable	Not Applicable	Not Applicable
Following Financial Year (Year 3)	Not Applicable	Not Applicable	Not Applicable

<b>Other financial information relevant to the Recommendation/Decision</b>
None relevant

<b>Cross-Council Implications</b>
No decision

<b>Public Sector Equality Duty</b>
Due regard has been given to WBC's duties under the Equality Act

<b>Reasons for considering the report in Part 2</b>
Not applicable

<b>List of Background Papers</b>	
None	
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