

COVID-19 ECONOMIC IMPACT AND RECOVERY

FINANCIAL RESOURCE REQUIREMENT

Background Information

At its meeting on 29th June 2020, The Executive Board considered a report which provided an assessment of the impact that Covid-19 was having on Carmarthenshire businesses and identified what was important to them in the short, medium and long-term, so that going forward the Authority could provide them with the assistance they most needed.

As a platform to the development and delivery of the County's Economic Recovery Plan, an internal Business, Economy and Community recovery group has been established to coordinate development and delivery. That group has identified several draft potential action strands and proposals for further consideration. In order to move forward Carmarthenshire County Council was seeking to employ external economic advice to assist with bringing this information together and map out a plan for future projects and tasks in order to provide the right support for local businesses and communities. An overarching advisory group, comprising key private sector industry leaders, would be established to assist with the development and refinement of the draft plan and provide leadership through the current crisis. The group would set the vision and direction for recovery.

Members welcomed the strategy set out in the report and commented on the important contribution local procurement and buying local would make towards the recovery of the Carmarthenshire economy both in rural areas and the major towns and unanimously resolved to receive the report and approve the proposed draft recovery strategy.

The business advisory group has since met and agreed the council's economic recovery plan and 11 key themes, summarised below:

The Draft Economic Recovery Plan

Carmarthenshire's Economic Recovery Plan is focused on 11 key areas:

1. Capital Infrastructure

- Continue with significant regeneration capital infrastructure investments to boost demand in the construction sector and stimulate confidence.

2. Business Support

- Review of current priorities is required with greater emphasis on engagement. Focus on sector specific as necessary. Greater staff resource required through re-modelling of service. Financial support to assist with recovery. Re-prioritise the Business engagement strategy.
- Set up a business support hotline to support and provide guidance to Carmarthenshire businesses on funding, recovery and general advice.
- Investigate possibility of negotiating bulk purchase / subsidised deals for businesses.
- Refocus Communities for Work to provide training and work experience to people who have become unemployed as a result of Covid 19.
- Workways + provide assistance for the unemployed as a consequence of Covid 19 - ref Short Term Unemployed.
- Investigate possibility of reinvention of Future Jobs Fund to provide guaranteed, paid employment for young people.

3. Town Centre Economy

- Reviewing and refocusing primary town centre regeneration master and recovery plans.
- Develop safe town centre environment plans.
- Supporting BIDs in Carmarthen & Llanelli (3-year cash contribution mirroring levy take to enable BID groups to assist with delivery of town centre recovery initiatives).
- Review current parking initiatives/provisions throughout the County.
- Acquisition of empty retail premises to revive economic buoyancy/footfall through innovation.
- Consider county-wide development order for town centres.
- Put in place arrangements for resumption of trading at our indoor and outdoor Markets – ensuring compliance with regulations and staff and shopper safety.

4. Procurement

- Explore if we can increase the value and volume of procurement from locally based SME's, compliantly within the Procurement Regulations.
- Investigate possibility of sub £25k (3 quotes) through an update of our Council's Contract Procedure Rules to stipulate of the 3 quotes sought one should be from a supplier within the County.
- Opportunity to strengthen our Community Benefits approach.

5. Planning

- Consider relaxation of the emerging LDP for the creation of additional employment areas particularly for B2 uses and small business startups. Consider also any interim options.
- Consider the emerging LDP in terms of home working and the concept of live / work. Consider also any interim options.
- Consider feasibility of reallocating S.106 monies where possible to economic development activity.
- Consider whether there should, or could be, a prioritisation approach for applications that will generate job opportunities/economic benefits.
- Review and simplify planning support for key economic development applications (small and large).

6. Rural Economy

- Review and prioritise Council's Moving Rural Carmarthenshire Forward recommendations and projects.
- Foundational Economy Fund - develop a local food strategy.
- Review 10 town growth plans.
- Investigate feasibility of developing co-operation led milk processing facilities within Carmarthenshire.
- Review Arfor rural business support.

7. Communities

- Support local communities to become more self-resilient with sustainable local supply chains.
- Review the Authorities poverty support measures and priorities.
- Third sector support.
- Deliver community led projects – Leader.
- Reprioritise and grow grant funding to Covid-19 community resilience projects.

8. Digital Connectivity

- Deliver Digital infrastructure regional City Deal project being led by the Council.
- Deliver LEADER funded project to support digital infrastructure in rural areas of Carmarthenshire.

9. Skills

- Skills and Talent Swansea Bay City Deal project - identify new ways of working and the new skills and technology required in order to deliver this across the region.
- Develop local skills action plan.

10. Tourism & Events

- Review current Marketing Destination plans. Ail-ddarganfod Sir Gar / Re-discover Carmarthenshire – assist promotion and marketing of local businesses.
- Road Cycling Marketing Campaign - Work with accommodation providers as to what ride and stay packages can be offered and when
- Cultural Heritage Campaign - Celtic Routes - opportunity to continue this project with a further £1million budget into 2021 will deliver tangible visitors to Carmarthenshire.
- Maximising Signature & Major Events - Major events such as the Tour of Britain can contribute £750k economic impact over a weekend, and a smaller event like Llandovery Grit Fest £50k.

11. Land and assets

- Review accommodation programme considering changing working practice and agile working.
- Reprofile capital receipts and potentially target certain sectors.
- Focus in the short term on invest to save refit scheme, WG funded project.
- Review land availability and reprofile as necessary to ensure that best use of council owned land is being made to support the local economy.
- Development of incubator/commercial accommodation and medium sized food based and production units.

Financial Implications

The report referred to above, and approved by Executive Board, identified that there would be a need for some financial resource to be made available to support some activities and initiatives to respond to the identified challenges. The financial support that has been identified as being required to support the Council's recovery proposals is summarised below:

- **Capital Projects** - TRI Year 4 - **£1.2m** CCC match to draw down £2.5m WG funding 21/22.

The Targeted Regeneration Investment Programme Has been focused on Llanelli and Ammanford. There is an opportunity now, following discussions with WG, for this future funding to be made available county wide. The main objective of the funding is to bring vacant commercial space back into use. The year 4 request 2021/22 for funding will allow strategic direct delivery of projects throughout the County, leveraging in significant WG funding.

- **Commercial Property Development Fund - £1m**

The Commercial Property Development Fund provides financial assistance for developers and owner occupiers for the construction, expansion or refurbishment of buildings for industrial / commercial use with the primary aim of creating capacity for employment in Carmarthenshire by funding the financial gap between the construction costs and the completed market value of the property. This scheme is key to raising confidence with developers in the region and to stimulate economic activity. This scheme will support the local supply chain and provide necessary employment space for future business growth. The scheme will support the local economy in terms of quantity and quality of jobs accommodated/jobs created, the area of floor space created, the amount of land developed, the number of SME's accommodated, the impact of the development on the Welsh Language & the number of enterprises adopting or improving equality strategies & monitoring systems.

A number of enquiries have been received in recent months and placed onto a waiting list, this demonstrates the need for additional funding (as does the intelligence gathered to support the Council's recovery plan) in order to help stimulate growth and support the economy. The fund offers developers up to a maximum of 45% of eligible costs meaning that at least £1.22m private sector funding will be secured from this intervention.

- **Ten Towns Growth Plan Capital Project fund – £1m**

The Authority has secured funding to develop bespoke economic growth plans to support Llanybydder, St Clears, Laugharne, Whitland and Newcastle Emlyn, Llandovery, Cwmaman and Llandeilo. Additional funding has been secured to deliver growth plans in the remaining two towns, namely Cross Hands and Kidwelly. To assist the area based growth plan teams to develop innovative solutions to meet both their immediate needs and future growth ambitions, a fund of £10k per town seed funding will be made available via the RDP Leader Programme to take these ideas forward (£100k total). Applications will be sought from the Town Council and/or Chamber in the respective areas. This fund will be made available during the Autumn.

In addition, Growth Plan Capital Project Funding of £100k per market town is required and will be key to allow project ideas identified and enable locally based solutions to be developed to meet both their immediate recovery and longer-term growth needs. It will also assist with drawing down of delivery of external funding, potential match available via WG.

- **Business Recovery Fund - £500,000 (450k to be reallocated from**

There is an identified need for business support to be made available for new and existing businesses in the form of grant aid to safeguard and create jobs within Carmarthenshire. A budget of £500,000 is identified (this could in the main be made available from remaining budget of circa £450k from the CCC non council tenant rent relief fund). It is proposed that a maximum of £1,000 per job be offered per job safeguarded and a maximum of £5,000 per job created up to a maximum of £10,000 per business on a 50% grant intervention rate. As such at least £500,000 private sector match funding would be levered through this programme.

- **Business Support Fund - £200,000**

The recovery report identifies that businesses foresee that they will experience skills challenges as a result of the pandemic, with the majority stating that these skills deficits will relate to digital and IT skills. With the vast majority of respondents indicating that they would benefit from training in the fields of IT/digital skills, marketing and diversification there is scope to offer subsidised/free training through provision that is already in existence as an alternative to cash grants. In addition, this funding would enable the council to buy in specialist support to:

1. Engage with business to identified in more detail the current position and concerns and development of action plans establishing underlying health of business and business ambition.
2. Identify opportunity to re strategise, e.g. reconsider product or service offer, consider alternative routes to market - Digital marketing and remote delivery / tendering where appropriate (linked to local procurement opportunities), efficiency measures
3. Managing threats – cash flow / debt management, health and safety sector specific measures, Managing staff costs and redundancy

Key project aims would be to safeguard jobs, assist business to diversify and develop Innovative approaches.

- **Carmarthenshire Rural Enterprise Fund - £500K**

The Carmarthenshire Rural Enterprise Fund is central to Moving Forward in Rural Carmarthenshire Strategy in helping rural businesses to grow. Will be more important than ever to support rural economy which is at high risk of failure. Short term confidence boost to local construction industry. The additional funds proposed will help aid rural enterprises and sole traders for the development of new and existing business premises, where new jobs are created as a result of the project. The fund can support much needed job creation in rural areas and lever in at least £611,000 match funding from the private sector. A number of enquiries have been received in recent months and placed onto a waiting list, this demonstrates the need for additional funding in order to help stimulate growth and support the economy.

In total, the request is for **£3.95m** of CCC funding support (£4.4m less £450k reallocated from surplus Business Rent Relief Fund. It is appreciated that this is a significant ask and if supported will inevitably mean that other corporate projects might not currently be able to progress. There are difficult decisions to be made. If, however, Carmarthenshire's economic recovery is a strategic priority then this level of funding would need to be made available if the actions identified as being required are to be progressed. If this level of funding can be made available, it will draw down significant private sector and WG match funding. Some of the recovery actions can proceed without funding support by challenging the norm and reprofiling current ways of working and regulations to maximise opportunities for local businesses and to make it as simple as possible for business to open and expand in Carmarthenshire. If we are to truly make a difference, however, this will not be possible without additional funds being made available.

The Swansea Bay City deal also provides a significant opportunity to support several of our proposed recovery themes, for the benefit of the region and Carmarthenshire, via:

- Digital Infrastructure project that will boost digital connectivity in rural and urban communities.
- Pentre Awel life science and well-being Llanelli development.
- Skills and Talent initiative currently being developed to enable local people to access jobs being generated by City Deal projects.