

Report to: Place Scrutiny Committee

Date of meeting: 18 July 2022

By: Director of Communities, Economy and Transport

Title: Support for Businesses and Economic Regeneration

Purpose: To report on the Team East Sussex Economy Recovery Plan covering the work to support businesses and economic regeneration following the Covid-19 pandemic and the impact of national lockdowns on the local economy, and how this work will feed into future economic regeneration plans

RECOMMENDATIONS:

Place Scrutiny Committee is asked to:

- (1) Note the success of the Team East Sussex Economy Recovery Plan
 - (2) Note the ongoing importance of supporting businesses to the economy of East Sussex (para 2.7) and the impact that a current lack of funding for future years will have in providing support to Small to Medium Enterprises (SMEs) (paras 2.12 and 2.13)
 - (3) Note current and ongoing work to support businesses and the economy in the context of much reduced funding levels (paras 2.8 and 2.9)
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1 Background Information

1.1 In April 2020 the County Council agreed to coordinate the development of an Economy Recovery Plan with partners on behalf of Team East Sussex (TES), the county's de-facto growth board, to provide a clear focus for the economy recovery effort following the advance of Covid-19 and the imposition of a national lockdown in March 2020.

1.2 The development of the plan involved consultation with key partners across the county, with the process guided by a cross-departmental working group. The intention was to identify and deliver interventions over a 12-18 month timeframe that drew upon various partners' own recovery plans, pulling everything into one place so that partners, businesses, residents and visitors could see the collective contributions being made towards resetting the economy of East Sussex. It was complementary and supportive of other activities being progressed at local level, including climate change and health and wellbeing initiatives.

1.3 The plan ("East Sussex Reset") was endorsed by Team East Sussex on 20 July 2020, with the official launch on 9 September 2020. The plan demonstrated East Sussex County Council's commitment to meeting the overarching core priority outcomes of 'driving sustainable economic growth' and 'making best use of resources' by working as one council; working in partnership to ensure all available resources were used to deliver maximum benefit to residents and ensuring funding available to support activities was maximised. Cabinet endorsed the plan on 8 December 2020.

2 Supporting Information

2.1 East Sussex Reset's aim was *"to build sustainable prosperity for our businesses, voluntary, community and social enterprise sector and support residents to access new opportunities that drive economic recovery and resilience within a post-Covid-19 landscape"*. It identified six priorities or "missions":

- Mission 1: Thinking local, acting local
Activity aimed at supporting business by creating opportunities to turn recovery into growth, and build investment in the local economy
- Mission 2: Building skills and creating jobs
Activity aimed at retaining local skills, supporting employment and growing an agile workforce with greater skills levels
- Mission 3: Fast forwarding business
Activity aimed at supporting the service and retail economy, particularly the creative, cultural, leisure, hospitality and tourism sectors
- Mission 4: Better places, fuller lives
Activity aimed at improving lives and places by taking steps to encourage local engagement and diversity
- Mission 5: Cleaner energy, greener transport
Activity aimed at ensuring a drive towards a low-carbon, circular economy
- Mission 6: The future is digital
Activity aimed at capitalising and growing digital connectivity

2.2 The Missions were developed working with a wide range of stakeholders to get comprehensive input, made possible by TES's subgroup structure (Skills East Sussex, Business East Sussex, Culture East Sussex, Environment East Sussex and Developers East Sussex). Headline actions to deliver the Missions are described at **Appendix 1**. A sample of the latest regular reporting to TES on achievements (December 2021 and June 2022) can be found at **Appendix 2a and Appendix 2b**.

2.3 Each Mission was co-ordinated by a Mission Lead with delivery of actions being led by partners who put themselves forward. TES co-ordinated the programme of work, not only monitoring the delivery of the action plan, but lobbying the government for supportive action and working with the County Council to develop the case for funding to support recovery.

2.4 East Sussex Reset is now reaching the end of its intended lifespan. The key strategic reference document prior to this plan was the East Sussex Growth Strategy which was published in December 2014 and covered the period 2014-2020. A refresh of this strategy was due to be undertaken in 2020/21 but with the arrival of Covid 19, a shorter term, immediate response was required to tackle the effects of the pandemic.

2.5 We will review our position again at the end of the year, because with rising inflation and uncertainty in the national and global economy it would be premature to start work on a new Growth Strategy at this stage.

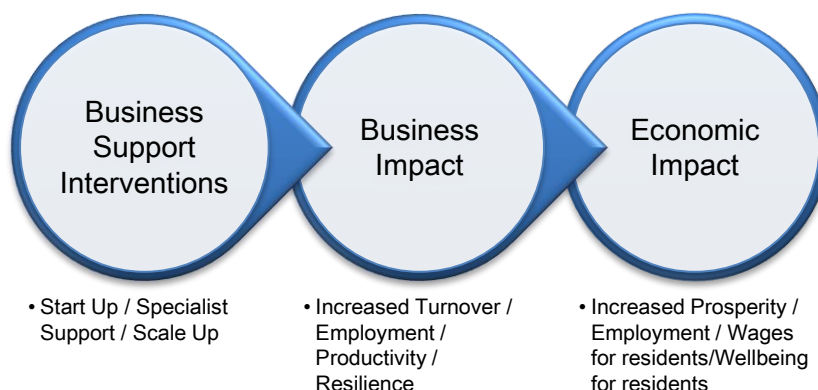
2.6 Covid 19 had a significant effect on East Sussex. At the time of the plan's launch in September 2020 there had been a sharp increase in the total number of people claiming Universal Credit and Jobseekers Allowance (JSA) who were unemployed and seeking work (19,940 or 6.3% of working age people). There are now 12,250 people (April 2022) receiving benefits because they are unemployed and seeking work, down from 13,180 in March 2022, and 37.5% lower than in April 2021. In September 2020 68% of businesses in East Sussex had furloughed staff and 30% had accessed loans, grants or business rates relief. Over the course of the pandemic 117,500 people received help through the furlough and self-employment support schemes, 36.9% of the working age population. The sectors most severely affected were Wholesale, retail and motors, Accommodation and Food service, and Arts, Entertainment and Recreation. Today, in terms of business unit numbers, the fastest growing sectors are Transport and Storage (up 53% between 2016 and 2021), Accommodation & Food (up 15%), and Construction (up 13%). We have seen significantly better performance since the removal of restrictions however the economy overall is now seeing the effects of labour shortages and supply issues due to the combined effects of the pandemic, the war in Ukraine and Brexit, as well as increasing energy and fuel costs.

2.7 Supporting businesses in East Sussex is a crucial part of driving local economic growth. Unlike other interventions which are focused on longer term impacts, business support can have an immediate impact, helping a business to grow or overcome challenges. Through this we help local businesses to create jobs, raise wages, train employees, and other positive impacts which directly benefit our residents. In the current economic climate this is even more important, as the economic health of our businesses has a direct link to the economic health and general wellbeing of our residents.

2.8 The Economic Development Team is developing a pipeline programme of support to businesses, partly in response to the current economic climate, using learning from work both prior to and as part of the Economy Recovery Plan about what businesses need most, and what has most impact on supporting business growth and resilience.

2.9 Our experience is that business needs are mostly aligned to their stage and age. Our programme design therefore focuses on:

- Enabling residents to create new business opportunities
- Providing access to specialist business support (e.g., business and financial planning, product and workforce development)
- Supporting ambitious / fast growing business (scale up)



2.10 This is evidenced by recent monitoring on our specialist support programme which found that of 37 businesses who responded to the request for information, £5m was added to turnover and 43 new jobs had been created in the period from July 2020 to now. This programme saw very high demand from businesses and it became oversubscribed very quickly.

2.11 The collective knowledge and experience of the County Council and its partners in supporting businesses and the economy is huge, however the major challenge that is being faced now is a lack of funding to support activity.

2.12 For decades the European Structural and Investment Fund (ESIF) was essential for local regeneration, employment and skills. ESIF was used to fund a range of successful projects, but funding is now ceasing, and all projects have either closed or are starting to close between now and early 2023.

2.13 The UK Shared Prosperity Fund (UKSPF) is the domestic replacement for ESIF but the funding envelope is much reduced from what we have seen and received before. The move from ESIF to UKSPF is ushering in a significant change for a number of areas of work, with business support being one of the areas most impacted. UKSPF does not make provision for ringfenced monies for business support (see Appendix 3 – UKSPF briefing). If funding cannot be secured from either UKSPF or other as yet unidentified sources, then the provision of support to East Sussex SMEs will cease as from early 2023. Regardless of the current limited funding available, the County Council's role will be ever more important in continuing to influence, enable and work with partners to shape future strategic direction and priorities. We will continue to develop a strong pipeline of investments and secure funding into the county to support our local businesses and residents.

3. Conclusion and Reasons for Recommendations

3.1 The Economy Recovery Plan 2020 provided a vital response to the Covid 19 pandemic and has carried us through to 2022. Using learning prior to and during the term of the plan the Economic Development Team, the wider Economic Development, Skills, Culture & Infrastructure Service and our partners, have continued to deliver and develop activities and actions to support the economy of East Sussex. This will continue where we have resources to support activity however much is now at risk given changing and reducing funding regimes, although everything possible is being done working with partners to secure resources for future activity.

3.2 The Place Scrutiny Committee is asked to note the content of this report and agree the recommendations set out.

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LOCAL MEMBERS

All members

BACKGROUND DOCUMENTS

Economy Recovery Plan

<https://www.eastsussex.gov.uk/business/eastsussex/selep/tes/eserp>

Live version of the detailed action plan

ERP action plan LIVE – updated February 2022