

COVID 19 RECOVERY – LOCAL ECONOMY TASK AND FINISH GROUP

1. RECOMMENDATIONS:

- 1.1 That the report be noted and that the ongoing initiatives and actions to date and in respect of the second lockdown as outlined in the report be endorsed.

2. INTRODUCTION

- 2.1 This is a summary of the work of the Covid recovery 19 Local Economy task and finish group which was set up by the Cabinet in June 2020 with the following terms of reference:

COVID 19 RECOVERY LOCAL ECONOMY TASK AND FINISH GROUP

Terms of Reference

1. To undertake an impact and opportunity assessment in respect of the impact of Coronavirus – COVID-19 on the New Forest's Local Economy.
2. To undertake a "call for evidence" from local partner organisations.
3. To identify the actions required for recovery arising from the impact and opportunity assessments, and understand the consequences of the COVID-19 crisis.
4. To advise Cabinet on proposals for action.

2.2 Membership

Councillors:

Barry Rickman (Chairman), Alan Alvey, Hilary Brand, Keith Craze, Steve Davies, Arthur Davis, Jacqui England, Mahmoud Kangarani and Joe Reilly

- 2.3 Between June 2020 and October 2020 the group met 8 times, with representatives of the following organisations:

Solent LEP
Brockenhurst College
New Forest Business Partnership
Go New Forest
New Forest Show
Beaulieu Enterprises Ltd / Bucklers Hard
Hampshire Cultural Trust
New Forest Heritage Centre
Forest Arts Centre
Forest Forge Theatre
Associated British Ports
ExxonMobil

3. FINDINGS

This report includes a summary of impacts (statistical and anecdotal) in each sector. The Solent LEP session outlined in the next paragraph provides a good overall picture of these impacts.

The Group heard many examples of the huge impact on the local economy but were pleased to note the resilience, adaptability and optimism shown by the organisations and individuals during this time.

The exercise has not only highlighted a number of opportunities for future partnership working to the benefit of the local area and economy, which are being pursued, but has stimulated greater networking with some of its key partners.

As this report on work to date was being finalised, a second lockdown was announced in early November. The Council awaits details of Government support initiatives in which the Authority will have a role.

4. STATISTICS

The Group heard some very striking statistics on the effect of the pandemic on the local economy:

- In New Forest, 33% of employees were furloughed equating to around 25,000 jobs. This is the highest proportion of any local authority in Hampshire
- New Forest District has shown the highest value of claims against the Self Employment Income Support Scheme of any local authority in the county with around £23m of claims made to date
- Individuals claiming Job Seekers' Allowance increased almost three-fold between March and July. The figure is now its highest total since the recession of the mid 1990s
- Forecasts implied a short-term economic impact on the Solent area worth £4.5bn during the course of 2020, equivalent to a 14.7% drop. Likely to take at least two years for Solent to return to 2019 levels.
- 31% of Solent's employed residents were furloughed in July through the Coronavirus Job Retention Scheme, equivalent to 171,400 jobs
- ¼ of local jobs, businesses and output is supported by sectors at highest short term risk reflecting strong local representation of hospitality, recreation, construction and education sectors.
- Job postings have fallen by 44% across the Solent compared with mid-March just before start of lockdown
- 45,275 people claimed unemployment benefit in July, a rise of 133% since March, and representing nearly 6% of the working age population
- 26,8000 jobs are expected to be lost across the Solent in 2020 according to Experian's latest Covid-19 scenario

- 18,000 Solent SMEs have received Coronavirus grant funding from the Small Business Grants Fund or Retail, Hospitality and Leisure Business Grants Fund administered by local authorities
- 50,000 self-employed residents have claimed financial support through the Self-Employment Income Support scheme as at end of July

5. SOLENT LOCAL ENTERPRISE PARTNERSHIP (LEP)

The LEP acknowledged the Council's substantial support in facilitating and administering over £40m in various government funded business related support grants. The focus of the LEP was on:

Employment and economic impacts
 The need to improve soft skills of young people
 Local skills demand
 Importance of local maritime industries
 The devastation of the visitor economy especially in coastal areas
 The need to attract world class talent and business skills
 The need for high streets to evolve and adapt to changing conditions
 Digital connectivity across the Forest

Action: *The Council has asked the LEP for assistance with improving digital connectivity across the Forest, including lobbying Government.*

6. BROCKENHURST COLLEGE

The focus of the College is on areas important to the local economy such as Hospitality, Marine, Construction and Apprenticeships.

Action: *Discussion at the Task and Finish group has reinforced the Council's wish to work with the College to help secure as many job and training opportunities as possible for our residents and embed Employment and Skills Plans for all new development within the District. The Fawley developments will have such a requirement and the Council will need to ensure that joins together with DWP/training providers to assist with delivery.*

7. NEW FOREST BUSINESS PARTNERSHIP (NFBP)

The Group heard that the New Forest economy, although having faced a challenging time, had broadly kept going. The impact on businesses varied, where some had suffered serious income losses, whilst others had even flourished.

NFBP acknowledged that NFDC and the Government had done their utmost to help businesses. NFBP also paid tribute to the NFDC Economic Development Team, which had dealt with over 1000 calls during the Covid crisis.

NFDC had delivered over £40m in various Government grants swiftly and efficiently, and had been 2nd in a national 'league table' in terms of % of grants distributed and available funds spent. NFBP had directed businesses to these grant schemes. £120k in funding had now been obtained from the Solent LEP which was a match funding scheme across two separate grant schemes.

While High Street initiatives had been on the Council's agenda before the Covid outbreak, it was even more critical now to accelerate change, help create local events, and encourage people back to town centres.

Town centre schemes were afoot to pedestrianise areas to attract visitors and stimulate business growth. Parish and town councils needed to be encouraged to help with this. Temporary road closures also needed to be sought from HCC.

Action: NFDC officers undertook to discuss with HCC various different funding streams, as well as Section 106 and CIL monies, to pursue public realm improvement schemes such as improving the appearance of areas with railings, pavements, and other schemes in town centres

8. GO NEW FOREST (GNF) - TOURISM AND HOSPITALITY SECTOR

In a normal year, the area would expect to benefit from around 15 million local day and staying visitor days, collectively generating a revenue of around £570m and supporting 20% of all local employment. It is estimated that the New Forest visitor economy had already lost approximately £200m in revenue and that even with restricted reopening, by the end of the year, there will be around £400m in lost in revenue, together with the knock – on effects in the wider economy. The Government financial support has been extremely helpful in enabling most tourism businesses to survive.

GNF completely reconfigured its services and provided regular sector group meetings including daily member business updates on national government advice, and training, assisting businesses to prepare themselves for reopening.

The Group discussed with GNF various promotional initiatives to revive the tourism and hospitality industry. These included Government measures to relax the constraints on local businesses, to encourage outdoor café culture under the Business and Planning Act 2020.

Food businesses (including, pubs, cafes, restaurants, and coffee shops) are able to apply for a pavement licence to place removable furniture over certain highways adjacent to their premise. The licences are temporary and will last until 30 September 2021. Council officers are actively working with businesses to promote this, streamlining and expediting processes to assist businesses so that licences could be obtained from the Council within 7 – 10 days.

Action: The Council will continue to pursue these initiatives and to collaborate with GNF on marketing and promoting the local area.

9. THE NEW FOREST SHOW

It was unfortunate that the pandemic had overshadowed the New Forest Show's centenary year. The Show had been regrettably cancelled and refunds offered to all. On the 1 April all staff had been furloughed, and there was then a forecast loss of £420K against a £2.7m turnover.

The 100 berth campsite closed then but reopened on the 4 July. The Society then opened a second campsite on New Park Farm in mid July, using toilet and shower facilities from the Show. This was a 220 pitch campsite opened for 56 days. Thanks were expressed to Council, Forestry England and the National Park Authority for their help and advice with opening the new campsite. This had helped to mitigate some of the impact of Camping the Forest closing all New Forest sites for the 2020 season.

25,000 people had since used the campsite in the last 56 days, added to 100 berth (13,000 overall) at Longmeadow, which resulted in 38,000 people visiting the Forest over the 56 day period. The income from these meant that the forecast loss of £420k would be significantly less. A lesson learned from this was to diversify the business and get other income streams.

Action: *The Council will work with the show organisers towards running the show in 2021 and encourage tourists to visit the Forest.*

10. BEAULIEU ENTERPRISES LTD / BUCKLERS HARD NEW FOREST HERITAGE CENTRE

New Forest Heritage Centre in Lyndhurst was at the forefront of behavioural and educational messaging for people visiting the Forest. The Centre had shut in March and staff had been furloughed, though the opportunity had been taken to do number of projects during the closure including a reorganisation of the library. It had reopened to visitors on 27 July.

Parts of the Beaulieu estate had reopened in June. River moorings and water access were very busy. There were some management issues with wild camping and paddleboarders and kayakers.

The motor museum reopened with restrictions on numbers and a new booking system, with strong demand mainly from family groups. However the events business had suffered as all events had been cancelled with consequent knock on effects in local hospitality.

11. IMPACT ON THE ARTS SECTOR IN THE NEW FOREST

The group met with representatives from Forest Forge Theatre and Forest Arts (Hampshire Cultural Trust)

The Forest Forge Theatre had managed to survive the last 8 months of lockdown, had retained staff and kept engaged with communities, investing in IT equipment to facilitate development of online events through an Arts Council grant and also added an e-commerce capability to their website to facilitate ticket management and payments.

Teenage users were impacted perhaps more than most, as they had suffered from the isolation and missed out on their normal activities and socialising, though the Theatre had tried to keep in touch with them.

A revamp of the Forest Forge business plan and strategy was planned, including how trustees worked with them and have developed some really interesting ways forward.

Forest Arts Centre reported loss of significant revenue as big shows had to be cancelled due to the pandemic, and the Centre had been closed.

The centre was looking at developing its online offer and needed money for computer equipment. Overall it was now back to working at 60% capacity but this could not be sustained indefinitely. The centre reopened at the end of July with Covid secure conditions. They held summer classes, films and kids' classes were now almost back to normal capacity.

Users appreciated the social aspect which contributed to well being and the centre had a significant role in this regard. Wellbeing classes had been impacted, such as events for Parkinson's sufferers and people with learning disabilities and these were difficult to operate as classes online, at a time when they were needed more than ever.

Members acknowledged the Centre's valuable role, including work with veterans and small touring companies.

Action: It was noted that the Southampton City Council had bid for the City of Culture 2025, and this NFDC was seeking to support it.

12. ASSOCIATED BRITISH PORTS (ABP)

The Group received a summary of the effects of the Covid outbreak on ABP.

There were big challenges affecting the supply chains as the cruise industry had ground to a halt, as evidenced by the number of cruise ships anchored around the Solent. It was anticipated that cruises would resume 2021. 86% of Home Port Calls (HPC) (i.e. for a new cruise / voyage) take place in Southampton. Together with calling cruises ABP welcomed some 2.1M passenger movements through the Port every year (not 2020). Each HPC is worth around £2.7M to the wider economy.

On the Automotive industry, vehicles had to be stored by ABP, and automotive had restarted production. Container volumes had slightly reduced. Overall there was a huge impact in the second quarter and beyond. ABP were responding to customer demands as best they could.

Furloughed staff had were gradually returning to work. There were no ABP job losses.

It was still felt that due to its geographical location in the medium to longer term, ABP were well placed and the future was still looking very positive. Brexit was the main issue in the short term. In the long term there were no immediate concerns.

ABP are part of the Solent Freeport working group, whilst the Government has published responses to the Freeport Consultation July 2020 the bidding process for Freeport Status is yet to be launched.

Action: The Council will watch the results of the Southampton Freeports bids with interest.

13. EXXONMOBIL

The Group received an outline on the effects of Covid on the operations at Fawley. Some development projects had been slowed down due to the crisis. The business involved £270m in wages and salaries contributions. The pandemic had reduced demand for fuel in commercial haulage and private vehicles. Petrol demand was down by 10 to 20% and diesel similar. Heathrow and Gatwick operations remained down 30 to 40%. The plant produced chemicals critical in Pharmaceuticals.

Covid compliance measures had been put in place at the plant and staff were returning back to offices. The control room required highly specific skilled staff which was a concern during the pandemic. The company continued to watch government requirements closely.

Action: *Exxon welcomed NFDC's support on the Local Resilience Forum.*

14. PORTFOLIO HOLDER COMMENTS

14.1 I am pleased with the thorough and diverse amount of business and associated organisations that took part in the work of the Local Economy Task and Finish Group. These regional and also very local bodies demonstrated the resilience, adaptability and optimism shown by our partners during this difficult time.

Further Information

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