

# Economy and Enterprise Overview and Scrutiny Committee

23 February 2021

## Impact of COVID-19 on the Regeneration, Economy and Growth Service Grouping



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### Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

#### Electoral division(s) affected:

Countywide

#### Purpose of the Report

- 1 The report provides members with an update on the impact of COVID-19 on key areas of the Regeneration, Economy and Growth Service Grouping prior to a presentation by Amy Harhoff, Corporate Director of Regeneration, Economy and Growth.

#### Executive summary

- 2 Members will recall that at the meeting of the committee held on the 30 October 2020 a report and presentation from the Corporate Director of Regeneration, Economy and Growth was considered detailing the impact of COVID-19 on key areas of the REG Service Grouping.
- 3 Members also considered at the meeting their future work programme and it was agreed that the Corporate Director of Regeneration, Economy and Growth should be invited to provide a further update at the next meeting of the committee.
- 4 Arrangements have been made for the Corporate Director of Regeneration, Economy and Growth to attend the meeting on the 23 February 2021 to deliver a presentation focusing on:
  - The impact of COVID-19 on the services within the Regeneration, Economy and Growth Directorate
  - The emerging economic impact of COVID-19 on the County's economy

A copy of the presentation is attached as Appendix 2.

## **Recommendations**

- 5 That the Economy and Enterprise OSC consider and comment on the information provided in the report and presentation provided at the meeting.

## **Background**

- 6 The Regeneration, Economy and Growth Directorate comprises the following services:
  - Transport and Contract Services
  - Culture Sport and Tourism
  - Development and Housing
  - Corporate Property and Land
  - Business Durham
  - Corporate Communications and Marketing
- 7 The Directorate leads the council's strategic approach to creating more, better paid jobs and is responsible for delivering major regeneration and investment projects such as developments at INTEGRA 61 at Bowburn, Jade Business Park adjacent to Dalton Park, the Forrest Park development at Newton Aycliffe, NETPark at Sedgefield, Milburngate in Durham City, the Aykley Heads strategic employment site, and the Towns and Villages regeneration programme.
- 8 The Directorate also leads the Council's strategic role in relation to housing, transport, asset management and planning matters in the county, as well as providing key services for communities including essential travel services and public transport access, leisure centres and libraries, and supporting our cultural and tourism sectors, and businesses in the wider economy. In November 2020, the Council's Corporate Communications and Marketing Service was brought into the Directorate.

## **Impact of COVID-19 on REG Service Group**

- 9 Since the start of the COVID-19 pandemic in March 2020, the Regeneration, Economy and Growth Directorate has been at the forefront of the response to the crisis, delivering direct support to businesses and individuals in the County that have been affected, assessing the ongoing economic impact, communicating messages to

residents, and leading the Council's work on developing resilience and recovery plans.

- 10 A summary of the impact on the individual services within the directorate is as follows:

### **Transport and Contract Services**

- 11 Despite the current lockdown, traffic levels across the County remain relatively high at 80 % of normal, outside of the peak hours. The biggest change however has been in commuter traffic with only 65 % of the usual traffic on our roads and an absence of the usual congestion.
- 12 Public transport levels are reduced further with passenger numbers at around 30% of normal. In line with recent government advice the number of buses running has also been reduced to around 80%, however we continue to offer a good level of connectivity for those that need to travel.
- 13 Home to school travel has previously required significant attention and previously additional services had been introduced to allow greater segregation. Once schools begin to return in line with government advice, the appropriate travel arrangements will be reintroduced.
- 14 Footfall in our town centres remains significantly reduced. By contrast we have seen increased numbers of visitors to recreational areas, parks, coastal areas etc during periods of milder weather. This has led to some public concern regarding social distancing and parking issues in some areas. Additional signs have been deployed together with parking enforcement where appropriate.

### **Culture, Sport and Tourism**

- 15 Since the last update in October 2020, leisure centres have had to manage two further lockdowns in which centres have been closed. In lockdown 2 a total of 356 staff were placed on furlough and in lockdown 3 a total of 420 staff have been furloughed. Many of the additional numbers in lockdown 3 are furloughed part time and are either fulfilling part of their role or supporting other parts of the Council's COVID work, with staff being redeployed in areas such as the Community Hub, Refuse & Recycling, and Children's Services, as well as being trained to support schools and the wider community in rapid testing.
- 16 In addition, the period in between lockdowns 2 & 3 placed the County into tier 3 and this brought a change in the restrictions that needed to be adhered to. Whilst gym and swim customers returned, there were added restrictions for club use, which was restricted to under 18's and disabled groups, and we could not provide any group exercise classes within our

centres. Due to the restrictions on exercise classes, and their popularity, the team have recently focused on providing a virtual offer via the Mywellness app. This is currently free to use and we have 1,097 currently using the app for physical activity challenges within the home and outdoors. There are plans to further develop the offer which will potentially lead to a far greater offer on a 'pay to use' basis.

- 17 Surveys of centre users during lockdown 2 show that over 72% would return immediately with only 3.29% responding that they will never return. 71% of our users are less active now than prior to lockdown 1 and there will be a need to develop new programmes to assist the return to more active lifestyles. National surveys also indicate that there is a potential for an additional 35% of the population to be interested in gym memberships post-Covid.
- 18 A survey of the parents and guardians of the 4,978 children on the learn to swim programme, identified that 90% would return immediately to the programme. New learn to swim programmes have been developed which allow social distancing restrictions to be met. However, the restrictions do affect the numbers that can be accommodated on the revised programmes.
- 19 The Wellbeing programme involves a community focused exercise class, waking, running, and cycling programme to support inactive people and those with health conditions. This programme ceased in the March 2020 lockdown and, due to the continued restrictions around space and group activities, it has not restarted during the various tier arrangements. The Wellbeing team, commissioned by Public Health, has provided additional support in the Community Covid Hub and this team will remain there until February 2021. Planning will then take place to recommence with a Covid recovery programme to support targeted communities back into introductory safe exercise once restrictions allow.
- 20 The physical Festivals and Events Programme for 2020 was cancelled resulting in a significant impact on income, however a considerable online programme of events was established at short notice for Brass and Durham Book Festival (which was delivered entirely online). Although both will look to resume physical delivery in 2021, within Covid guidance, the digital element in 2020 has provided great benefits in reaching new audiences, reducing barriers to engagement and programming of new content. Digital will therefore remain a part of future delivery and planning.
- 21 Festival planning for 2021 is underway with early events still vulnerable to cancellation or rescheduling, including the food festivals. Brass, Lumiere and Durham Book Festival are all planning delivery building in

Covid secure arrangements. This will mean inevitable operational and programme changes; however, we anticipate all will have physical events in 2021.

- 22 Cultural venues remain closed and the service continues to suffer substantial income losses (approx. £200k (pro rata) per month). Confidence within the sector remains low and bookings minimal. Until there is confidence regarding the end of social distancing, programmes will remain scarce. Durham Town Hall, Bishop Auckland Town Hall and Killhope will look to re-open as soon as guidance allows. Both town halls provided a Covid secure offer during 2020 and Killhope will look to resume as soon as possible
- 23 Following a successful bid to Arts Council England Covid Recovery Fund in October 2020, a wholesale review of programme and operations across our venues is being undertaken with TGR Arts. This work, due to complete in Spring, will help to re-position our offer post Covid and manage any long term implications.
- 24 Digital content continues to be developed and has been offered free of charge to keep some access to services available, with over 8,000 people viewing our online panto content over Christmas. Digital content will be reviewed as part of our ongoing work with TGR Arts.
- 25 Libraries have delivered a constant digital offer since March 2020 and continue to do so. In addition, the doorstep delivery service has been a huge success, providing contact and books to our most vulnerable users. Ebook stock continues to be augmented to meet demand. Library branches have opened wherever possible throughout the pandemic, however there was a noticeable reduction in attendance from November onwards at our 12 pick and collect branches. We will continue to monitor guidance and re-open when safe, however, we anticipate it will take some time to re-build confidence levels within the library users.
- 26 Refurbishment projects across venues continue to progress, within Covid guidelines, but are beginning to see delays on completion as a result of Covid impact on external contractors. This is a combination of their staff being furloughed and increased sickness levels.
- 27 The team are continuing to support the emergency food supply effort; procuring and monitoring stock and responding to partner requests for support.
- 28 External funding opportunities to support service recovery are being explored, and Business Support have been managing leisure membership issues relating to the stopping and starting of membership

direct debits as the County has been moving through the differing tiers and finally into the current lockdown.

## **Development and Housing**

- 29 Within the Development and Housing Service, Housing Solutions worked closely with housing providers and partners during COVID to ensure no one was sleeping rough. There are now a number of rough sleepers in temporary accommodation with complex needs who require move-on accommodation with support. Accommodation offers have been made to 122 rough sleepers. The extension of the eviction ban has meant a lack of properties to assist other applicants with.
- 30 'Stop b4u Serve' has been introduced by the Private Rented Team to provide mediation between landlords and tenancies with the aim of preventing evictions.
- 31 The Employability Durham service has seen significant difficulties delivering its contracted ESF Employment support programmes. During the initial lockdown, Job Centres moved to a light touch arrangement with their clients and ceased all face to face contact. As a result, the main source of referrals ceased and many of the unemployed clients who also work with Job Centres declined support in line with their Job seekers conditionality of underlying health conditions. During the lockdown period, many of the employment advisers volunteered for roles working within the Community Hub to support local residents.
- 32 The Employability Team now continue to support all existing clients wherever possible through online and telephone support with many examples of clients progressing into new roles which have arisen through the pandemic. The ongoing lack of access to community facilities combined with recent introduction of local restrictions still prevents face to face support. An increasing feature of the team's work has been increased collaboration with other employment support programmes and support as part of the Rapid Response Service for redundancies and marketing of Jobs Fuse County Durham, a new service from National Careers Service aimed at supporting people made redundant or at risk of redundancy through COVID.
- 33 For Durham Employment and Skills (DES) delivery of accredited and non- accredited skills training ceased for much of the March-July 2020 period reducing income. Some Employability Durham clients did take up telephone / online 1-2-1 skills taster courses and support sessions (unfunded). External delivery is now re-commencing after Government ruling on Education and Learning activity as DES deliverers part of the Council's Adult Learning Contract under which the Council effectively holds FE College status.

- 34 The Community Economic Development team has seen a shift in its work from project oversight and physical delivery to retail business support as on-site works were halted due to COVID-19 and the Government released support to retail and hospitality businesses. This included £469,000 through the Reopening High Streets Safely Fund, and provided a focus for a multi-service group that was drawn together to oversee town centre operations and co-ordinate reopening plans.
- 35 Four retail support officers and an additional communications resources secured through the funding has resulted in over 700 retail businesses being supported with visits and advice since August 2020, with 286 receiving additional follow up support as officers continue to monitor the main centres and larger neighbourhood retail areas. Support packs for retail businesses providing updated advice and resources are currently being procured. Existing programmes including Towns and Villages and the recently announced Durham Business Recovery Grants will contribute to supporting retail business resilience and access to new markets, and the team is seeing a significant upturn in business support requests, especially from property owners seeking to invest or convert units and new independent retail businesses seeking premises and support.

### **Corporate Property and Land**

- 36 The initial lockdown disruption to the building services teams within Building and Facilities Maintenance has ended, with Repairs and Maintenance and Construction teams now fully engaged assisted by £1.5m of additional works funded via an agreed overspend. There is currently a very healthy construction programme including a number of strategic projects such as Durham Bus Station £7.3m (on site) and Crimdon Dene Visitors Centre £1.3m (on site), Mountsett Crematorium £1.3m (commencing 07/06/21) Aykley Heads Plot C £8.7m (commencing 29/03/21) and The Oaks Primary School £1.4m (commencing 22/02/21).
- 37 The Catering Service continues to be affected by the pandemic with 6 of the 25 staff still furloughed, however, the majority of staff have been found alternative roles.
- 38 Despite most office staff working from home, Facilities Management have been kept busy ensuring work environments remain Covid secure and managing those staff in the workplace. In conjunction with HR and the NHS, the Facilities Management team have set up the County Hall Vaccination Centre which was opened on 19th January 2021. This has been a great success delivering vaccinations to Durham County Council front line care workers.

## **Business Durham**

- 39 Business Durham staff have continued to support businesses with the ongoing impact of COVID-19, responding to business enquiries, delivering direct support to businesses, and gathering intelligence to monitor the impact on businesses in the County, as well as supporting the Council's Business Rates Team with the implementation of the Local Restrictions Grants.
- 40 All of Business Durham's properties have remained open throughout with Covid safe procedures in place. There has been no noticeable impact on occupancy levels or rental income to date, although the situation continues to be monitored closely particularly in the office sector as companies review working practices.
- 41 The COVID Business Support Brochure that was developed to highlight the local and regional business support programmes that are available for County Durham businesses continues to be used to signpost businesses to appropriate support, and the brochure is updated on a monthly basis.
- 42 The Council launched a £5 million Durham Business Recovery Grant scheme in January 2021, to help County Durham businesses to adapt and recover from the Covid-19 pandemic. The aim of the scheme is to provide financial assistance for the implementation of business recovery plans; helping firms that have a credible plan to adapt and recover but require additional financial support to be able to implement it. The key elements of the scheme are as follows:
- Grants are available from £1,000 up to a maximum of £40,000, and will contribute 75% towards eligible recovery plan costs, with the business expected to meet a quarter of the project cost.
  - The grants are available for projects such as adapting business models or premises to attract new customers, digitisation, marketing support, new product development or buying new equipment.
  - The scheme is open to companies across County Durham, in all sectors, from micro-businesses to those employing up to 250 people in the County.
  - Businesses must have been established prior to 11 March to be eligible, and also have a business bank account.

- 43 Business Durham staff, supported by colleagues from the Funding and Programmes Team, are administering the grant scheme. The funding is being allocated in two tranches, in order to hold back part of the funding available to allow businesses time to prepare their recovery plans and to submit their applications when they are ready to progress these. Subject to take-up of the first tranche, the second tranche is likely to be released in mid-March 2021.
- 44 At the time of writing, 256 grant applications had been received requesting over £3.52 million grant. 20 applications totalling just over £122,000 grant have been approved, with a further 13 applications totalling £226,540 grant about to be considered for approval at the weekly Grant Panel. Where businesses are requesting over £10,000 grant, the process requires that applications are reviewed by an external consultant prior to be recommended for approval, and there are currently 17 applications seeking £517,000 grant out for review. 41 applications have been rejected so far, either because they did not meet the key eligibility criteria for the scheme, or because their recovery plans required further development - these businesses have been signposted to support through the Micro-business Recovery Strand that is currently being delivered through the Durham Business Opportunities Programme.
- 45 Further details about the Durham Business Recovery Grant scheme together with the link to the online application form are available on the DCC website: <http://www.durham.gov.uk/businessrecoverygrant>

### **Corporate Communications and Marketing**

- 46 The COVID pandemic has had a significant impact on the Corporate Communications and Marketing Service. All areas of the team have been involved in supporting the Council's activity across all service areas to ensure messaging reaches target audiences through a variety of channels and is timely and easy to understand.
- 47 Workload has increased exponentially, and the team have undertaken the additional demands whilst maintaining all elements of business as usual. Non COVID campaign planning and evaluation has been impacted by the additional workload. Additional stand by arrangements have also been implemented to ensure an agile response to announcements and changes.
- 48 The range of work undertaken has included:
- Responding to numerous regional and national media enquiries on a range of COVID related question to ensure the Council's activity is highlighted and reputation protected. Proactively publicising information to inform the public.

- Supporting public health messaging across a range of COVID related subjects including hands, face, space, COVID testing, vaccination take up, virus transmission, excess deaths, PPE etc.
- Ensuring members and key stakeholders are kept updated on a regular basis
- Providing messaging to staff across the organisation to promote understanding of developments, the impact on their service area, on individual roles and supporting with personal wellbeing.
- Communicating all service changes (including commercial services), often at short notice, following government announcements when entering and exiting lockdown and moving between tiers.
- Adapting tactics focusing more on digital communications with specific target audiences
- Working with LA7 colleagues to deliver a wide reaching public behavioural change campaign and supporting Local Resilience Forums networks in the delivery of compliance messaging and cross organisational issues.
- Communicating to communities affected by localised outbreaks in a range of scenarios including care homes, community transmission, council facilities, businesses, secure accommodation, and prisons
- Supporting schools in the move to online learning, provision of free meals and preparations for the introduction of schools testing.
- Delivering messaging to support the vaccination programme for care homes, council health and social care teams and the public large evacuation centres.
- Providing information to businesses explaining the support available during the pandemic and how to access funding through the pandemic and recovery.
- Assisting departments to deliver and promote to customers the digital services and events on offer, e.g. virtual BRASS festival/Panto/Library

## **COVID-19 Economic Impact**

- 49 The REG Service Grouping has taken the lead in work to assess the economic impact of COVID-19 and in developing resilience and recovery plans, working closely with other key partners through the County Durham Economic Partnership.

- 50 The full economic impact of COVID-19 will not be known until long after the end of the pandemic, and with the current national lockdown in place and a lack of certainty about the roadmap and timing for restrictions to be eased, it continues to be a very challenging time for businesses and employees.
- 51 There is a wide range of information and data on the emerging economic impact, some of which is national, and some is drilled down to regional and local level. Whilst some of the data is timely, much lags by a number of months.
- 52 From the data available we know that :-
- Around 11% of the workforce is currently furloughed (based on latest data available from Government) compared to 30% during the first lockdown, mainly those employed in the retail, hospitality, leisure, and tourism sectors that currently most affected.
  - Due to the furlough scheme being extended to the end of April 2021, the full impact on unemployment is still not yet evident in the data, with employment levels remaining static.
  - The claimant count for young people has risen sharply (by 60%) and is nearer 10%, with areas of higher deprivation and young people being adversely impacted
  - The visitor economy, hospitality sector and cultural sector has been hit the hardest, with businesses now in their third lockdown. Due to the uncertainty over when restrictions will be lifted, confidence levels are extremely low.
  - Other sectors in the economy are faring better, particularly the manufacturing, logistics and digital sectors, with businesses more optimistic about growth opportunities for the second half of 2021, although some businesses are reporting increased costs and supply chain delays as a result of Brexit.
  - It is still anticipated that there could be a significant increase in unemployment and business failures in the coming months although this is not yet showing up in data or HR1 redundancy notices.

### **Economic Recovery**

- 53 Due to the length of the pandemic, work during 2020 focused on the short term, supporting businesses with the immediate crisis response, reacting to developments, and building business resilience. Now that the vaccination programme is underway, there is a need to start

looking ahead to when lockdown restrictions are lifted and it will be possible to move from resilience into recovery. It is important that this is framed within a longer term strategic economic plan for the County's economy. To provide a starting point for this work, a detailed technical analysis of the combined impact of Brexit and COVID on the County's economy has been commissioned, which will be used to inform the development of the recovery plan and longer term economic strategy. A further report on this work will be provided to the Committee in due course.

- 54 In the meantime, the Council continues to work in close partnership with the seven North East Local Authorities to lobby Government for a package of additional support measures for the North East, and to ensure that the regional interventions are relevant for the County Durham Economy, and that the Region's voice is heard at a national level.

## **Conclusions**

- 55 Overview and Scrutiny members will be aware of the continuing impact of COVID-19 on key areas of the Service Grouping and on the economy of the County.
- 56 It is intended that the committee will continue to monitor the impact and progress made in relation to recovery plans with a further progress update report coming to a future meeting of the committee.

## **Background papers**

## **Other useful documents**

- None

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## **Appendix 1: Implications**

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### **Legal Implications**

Not applicable

### **Finance**

Not applicable

### **Consultation**

Not applicable

### **Equality and Diversity / Public Sector Equality Duty**

Not applicable

### **Human Rights**

Not applicable

### **Climate Change**

Not applicable

### **Crime and Disorder**

Not applicable

### **Staffing**

Not applicable

### **Accommodation**

Not applicable

### **Risk**

Not applicable

### **Procurement**

Not applicable