



CABINET - 26TH JULY 2023

**SUBJECT: COVID 19, ECONOMIC RECOVERY FRAMEWORK -
MONITORING REPORT**

REPORT BY: CORPORATE DIRECTOR ECONOMY AND ENVIRONMENT

1. PURPOSE OF REPORT

1.1 This report provides the Cabinet with an update on our economic recovery framework prior to consideration by Cabinet. The recovery framework comprises three distinct phases as follows:

- The Restart phase.
- The Revive phase.
- The Renew phase.

The focus of this report is the Revive and Renew Phases which follow on from an initial 'Government led' response (the Restart Phase) that delivered financial and employer support at pace in response to the pandemic.

2. SUMMARY

2.1 The Covid-19 pandemic and Brexit caused unprecedented disruption to our communities and the local economy which has been further compounded by the inflationary pressures in the economy as a consequence of Russia's invasion of Ukraine which has increased the cost of energy and contributed to the cost-of-living crisis.

2.2 'Delivering Prosperity after Covid' was prepared in 2021 in response to the pandemic and Brexit and this set out the key actions to progress over the first 12 months i.e. 2021/2022 and then the actions for the following 3 to 5 years in order to deliver the strategic objective of Supporting Business as a key driver for the Council's Economic Recovery Framework.

2.3 Welsh Government emergency financial support effectively ended during August 2021 and their response moved to a growth phase which the economic recovery framework sought to complement based on the following key objectives:

- To build a more resilient and diversified economy for the county borough.
- To support economic growth, innovation and enterprise.

- To create an environment that nurtures business.
- To enhance the competitiveness of the county borough.
- To boost business support.
- To identify key business investment sites.
- To improve the links between business, schools and training providers.

2.4 As evidenced in Appendix 1, the Council's localised actions have clearly served to sustain our businesses through a period of unprecedented turmoil. The current regeneration strategy A Foundation for Success 2018-2023 has made a positive impact, however much of its focus was predominantly on physical regeneration. In order to further grow our economy and maximize job sustainability and creation, there is now a need to develop a new economic regeneration strategy that aligns with the Cardiff Capital Region's growth agenda. The new strategy will create and further develop skills in the local workforce, which align with the buoyant job market in the County Borough and in the CCR, in order to improve the prosperity of our communities in the longer term.

3. RECOMMENDATIONS

3.1 Cabinet is asked to acknowledge the progress made against the agreed action plan for economic recovery as set out at Appendix 1.

4. REASONS FOR THE RECOMMENDATIONS

4.1 To provide an update on progress in the implementation of the Council's action plan for economic recovery.

5. THE REPORT

Background

5.1 The Covid-19 pandemic has caused unprecedented disruption to our communities and the local economy that has been exacerbated by the transition from being a part of the European Union and the Russian invasion of Ukraine combined have created logistical challenges and supply chain disruption for local businesses and has increased the cost of energy and contributed to the cost-of-living crisis. This Monitoring Report has been prepared to report to Cabinet progress made against the approved economic recovery framework, 'Delivering Prosperity after Covid' (December 2022).

5.2 The Covid crisis has reinforced the fundamental role of the foundational economy to the well-being of our citizens as it provides the infrastructure of everyday life, serving our essential daily household needs, and keeping us all safe and civilised, providing jobs at the heart of our communities in healthcare, childcare, food, housing, energy, construction, waste and recycling. Looking forward innovation will be of key importance to the foundational economy and will be critical to the levelling up agenda.

5.3 The impact of the combination of Coronavirus, Brexit, the war inflation and thus rising energy costs on the local economy is becoming clearer, with industries that rely on personal interactions suffering more than others, such as the hospitality and leisure industries. The longer-term impacts on structural changes to industry and the service

economy are still to be understood but it is evident that we will be living with the effects of these combined world events for some considerable time.

- 5.4 Research conducted during the height of the pandemic confirmed that the majority of businesses in the county borough were negatively impacted by coronavirus and also Brexit through operational limitations to their business, loss of staff and reductions in turnover. 31% of businesses surveyed felt their staffing requirements would decrease in the long term but on a more positive note, 12% of businesses surveyed had been able to diversify their offer bringing new services or products to the market and to communities in the county borough.
- 5.5 The research identified that 42% of firms felt they needed specific business support to help with the challenges presented by Brexit. In response to this research, the Caerphilly Enterprise Fund was reconfigured to provide targeted support to business to help them innovate and grow, and where appropriate to help businesses to understand and meet new requirements as a consequence of Brexit. The International Trade Support Officer has been fundamental in helping businesses across the county borough to support their overseas trading requirements and aspirations.
- 5.6 A number of geo-political tensions have emerged in the period post-pandemic: Inflation is at a forty-year high; interest rates are increasing; energy, food and cyber security are pronounced risks. These macro-economic changes are temporary, but reinforce the commitment and focus to the 'levelling-up' agenda. Against this context, the Cardiff Capital Region has revised the CCR Regional Economic and Industrial Plan. This sets out the region's response to these challenges, and provides a roadmap to becoming a proud, connected, and resilient region. The revised plan outlines how as an integral part of the CCR, Caerphilly CBC together with its partners will:
- Tackle the specific challenges associated with those areas experiencing potentially declining populations, which the Census seems to indicate is the case in Caerphilly if left unaddressed.
 - Stimulate the economy and encourage more people of working age to stay and return to the region and indeed in Caerphilly.
 - Attract a range of companies and increase productive capacity by growing the employment base in key competitive clusters.
 - Reinforce the important partnerships forged across local political and business leadership.
 - Focus on liveability and inclusivity, as well as productivity.

Overview of progress against actions

- 5.7 This section of the report provides an overview of the progress made in meeting the actions outlined in the economic recovery framework, 'Delivering Prosperity after Covid' in the first 18 months of its implementation. It focuses on the Renew Phase which includes policy interventions, financial support and the delivery of major construction projects, to create opportunities to provide a diverse range of employment and training opportunities and opportunities for local business supply chains as follows:
- Renewing policy interventions through the preparation of the Second Replacement Local Development Plan (LDP) – working from home, reducing the need to travel, provision of suitable land for development, town centre first principles, diversification of town centres, facilitating Active Travel and modal shift.

- Understanding future industrial growth as influenced by Brexit and the pandemic, and ongoing work with business to strengthen Caerphilly's place in the CCR regional economy.
 - Expediting delivery of major construction projects through the Council's PlaceShaping Programme as a catalyst for growth.
 - Accelerating Caerphilly Town 2035 projects.
 - Ensuring maximum social impact and social value from public sector investment.
- 5.8 Critical to the delivery of the objectives of the Renew and Restart Phases of the economic recovery framework are the following areas identified in the regeneration strategy: Implementation of strategic masterplans, innovation, cluster networks and skills that will be addressed through the following priority areas with each priority having a series of actions identified in the framework:
- Development of the Foundational Economy.
 - Homes for the Future.
 - Development of cluster and innovation opportunities.
 - Improving resilience through education training and careers advice.
 - Transport Infrastructure and connectivity.
 - Town Centre Regeneration & Diversification.
 - Tourism Recovery.
 - Reconfiguration of existing employment sites and identifying new sites.
- 5.9 Long-term investments in infrastructure such as that proposed within the Council's Approved Well Being and PlaceShaping Framework, hold the potential to rebalance the local economy, enhance productivity and create jobs and opportunities across Caerphilly County Borough, which is of great importance as we support our communities to rebuild a sustainable and resilient future post Covid. The opportunity exists to work together to create a better and more prosperous Caerphilly for everyone, further embedding the Council's TeamCaerphilly collective community and civic leadership model of delivery.
- 5.10 Strategic improvements that are necessary to further drive local economic growth in the Renew Phase for example are:
- Improving access to the digital front door and addressing digital poverty as a barrier to employment.
 - Influencing regional and Welsh policy and programme development as a member of CCR Regeneration Group, WG regional town centre group etc. through a continued dialogue with the WLGA.
 - Building on developing relationship with WG Business Wales, WG Regeneration Team and WG Task & Finish Groups so we can dovetail support packages.
 - Developing a coherent marketing strategy for the county borough to attract in new investment.
 - Preparing and finalising the 5th Masterplan for the Greater Blackwood (Mid Valleys East) Area.
- 5.11 The UK Shared Prosperity Fund (UKSPF) is a central pillar of the UK government's ambitious Levelling Up agenda and a significant component of its support for places across the UK and within Caerphilly County Borough.
- 5.12 Underneath the overarching aim of building pride in place and increasing life chances, there are three UKSPF investment priorities: communities and place;

supporting local business; and people and skills. The SPF aligns and compliments the Levelling Up Fund and in this respect, Caerphilly County Borough has a SPF allocation of £28,272,298, and an allocation of £5,901,499 for *Multiply (*UK Gov Adult numeracy programme) up to March 2025. Further the Council has been successful in securing £20m Levelling Up Funding for one of its key Placeshaping Projects, namely the proposed Caerphilly Leisure and Well Being Hub.

- 5.13 The UKSPF Caerphilly Local Investment Plan comprises an overview of the Caerphilly specific proposed interventions via the SPF which seek to build pride in place and increase life chances across the whole county borough. Underneath these overarching aims there are three UKSPF investment priorities: communities and place; supporting local business; and people and skills, all of which are priority themes for the Council's Economic Recovery.

Conclusion

- 5.14 The Council, in partnership with the Welsh Government, was at the forefront of responding to the immediate and short-term needs of local businesses as both coronavirus and Brexit unfolded. As we emerge from the challenges faced as a consequence of world events the Council continues to provide appropriate support to help businesses thrive, grow, modernise and innovate within the county borough.
- 5.15 This report gives an overview of the progress made to drive economic recovery and provides a summary of the work that has been undertaken over the last 18 months. The detailed actions are included in Appendix 1.
- 5.16 As evidenced in Appendix 1, the Council's localised actions have clearly served to sustain our businesses through a period of unprecedented turmoil. The current regeneration strategy A Foundation for Success 2018-2023 has made a positive impact, however much of its focus was predominantly on physical regeneration. In order to further grow our economy and maximize job sustainability and creation, there is now a need to develop a new economic regeneration strategy that aligns with the Cardiff Capital Region's growth agenda. The new strategy will create and further develop skills in the local workforce, which align with the buoyant job market in the County Borough and in the CCR, in order to improve the prosperity of our communities in the longer term.

6. ASSUMPTIONS

- 6.1 At the time of writing it is assumed that there will be no further emergency government support through both UK and Welsh Government in response to Brexit and the pandemic, whilst limited support may be given in response to the Cost-of-Living Crises.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 An initial Equality Impact Assessment and Post consultation Integrated Impact Assessment (IIA) for this proposal was undertaken alongside the original report entitled 'Delivering Prosperity after Covid' which is published on the Council's website. The purpose of this report is to provide an update on its implementation in

the first year.

8. FINANCIAL IMPLICATIONS

8.1 None

9. PERSONNEL IMPLICATIONS

9.1 None

10. CONSULTATIONS

10.1 The Report was considered by Housing & Regeneration Scrutiny on the 18th July 2023. The following paragraphs summarise the discussion held in respect of the report:

10.2 Members enquired if there are plans to hold similar events to the recent Unleashed Conference held in Bargoed through the Cardiff Capital Region. It was confirmed that this was the first regional Unleashed event and Bargoed was chosen to support businesses in the heads of the valley area. It is intended to hold more events across the Cardiff Capital Region and more events in Caerphilly County Borough are anticipated.

10.2 The Scrutiny Committee sought further information on the Covid business rates grants and the research particularly on whether any follow up research had been done on how it was used and the effectiveness and impact. Members were advised that research was carried out during the Pandemic to understand how likely it was that businesses would survive. The Covid grant support was rolled out at a significant rate via the NNDR officers, with a 100% take-up. This sustained businesses through a challenging period and although there has not been a subsequent research, it is understood that a National Audit was carried out.

10.3 Members asked for further information on the proposed hotel development in Caerphilly, which was initially proposed for Park Lane but is now intended for the Leisure quarter, specific information on where the Leisure quarter is and if the land is already owned by the council was requested. The Scrutiny Committee were advised that Park Lane was the first site identified but through the Caerphilly Town 2035 process, however a multidisciplinary team has now been established which includes hotel experts. The advice received is that Park Lane site is not large enough and after considering other sites the properties along Cardiff Road were considered the best fit. In terms of acquisition of properties, further to Cabinet Approval officers have secured a property acquisition fund of £5.6 million. This fund will be used to acquire the properties along Cardiff Road overlooking the Castle. The Programme Manager is in discussion with property owners along the road. Further clarity was sought on whether Compulsory Purchase powers would be used, and it was stated that this is one of the options but initially the council would negotiate with the property owners, not the tenants. There is still significant work needed to see which properties would actually be required and in terms of governance Cabinet would need to agree use of Compulsory Purchase Powers if necessary.

10.4 The Scrutiny committee asked how the Caerphilly Enterprise Fund can be accessed and how much has been distributed to businesses. Members were informed that

£2.36million has been distributed to businesses across the county borough that provide employment and services in a very difficult period. It has been well used and is liked by businesses.

- 10.5 Members stated that much of the regeneration is in the south of the county borough and asked what is being done to improve the transport links between the north and south. It was acknowledged that Bus Emergency Scheme Welsh Government funding has been renewed and it was acknowledged that the public transport network particularly from east to west remains difficult. Further reference was made to the Unleashed Conference at Bargoed and the effort to regenerate the north of the county borough. The transport issue needs to be Cardiff Capital Regional Approach as it cannot be solved by Caerphilly alone.
- 10.5 Following the debate it was moved and seconded that the recommendations be approved. By way of Microsoft Forms voting this was agreed by the majority present.
- 10.6 All consultation responses are reflected in the report.

11. STATUTORY POWER

- 11.1 The Local Government Acts 1998 and 2003.

Appendix 1: FOUNDATION FOR SUCCESS: DELIVERING PROSPERITY after COVID (Approved 8 December 2021) - First Annual Monitoring Report

Author: Rhian Kyte, Head of Regeneration and Planning

Consultees:

Cllr James Pritchard, Cabinet Member for Prosperity, Regeneration and Climate Change.
Councillor Andrew Whitcombe, Chair Housing and Regeneration Scrutiny Committee.
Councillor Patricia Cook, Vice Chair Housing and Regeneration Scrutiny Committee.

Christina Harrhy, Chief Executive.
Mark S. Williams, Corporate Director for Economy and Environment.
Dave Street, Corporate Director for Social Services and Housing.
Richard Edmunds, Corporate Director for Education and Corporate Services.
Stephen Harris, Head of Financial Services and Section 151 Officer.
Lynne Donovan, Head of People Services.
Robert Tranter, Head of Legal Services / Monitoring Officer.
Marcus Lloyd, Head of Infrastructure.
Nick Taylor-Williams, Head of Housing.
Liz Lucas, Head of Customer and Digital Services.
Sue Richards, Head of Transformation and Education Planning and Strategy.
Allan Dallimore, Regeneration Services Manager.