

Birmingham City Council

Report to Cabinet

16th March 2021



Subject: Adoption of Covid-19 Economic Recovery Strategy
Report of: Acting Director, Inclusive Growth
Relevant Cabinet Member: Councillor Ian Ward – Leader
Relevant O & S Chair(s): Councillor Lou Robson, Economy and Skills
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| Are specific wards affected? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No – All wards affected |
| If yes, name(s) of ward(s): | | |
| Is this a key decision? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| If relevant, add Forward Plan Reference: 008304/2021 | | |
| Is the decision eligible for call-in? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| Does the report contain confidential or exempt information? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential: | | |

1 Executive Summary

1.1 The Covid-19 pandemic has had a significant and on-going economic impact. COVID is having a huge impact on the city's economy and on the livelihoods of many citizens. Since March 2020:

- 1/3 of all businesses have had to close for some or all of the time
- 33,000 people have lost their jobs
- 55,000 people remain on furlough

- In overall terms unemployment has risen by 68%, meaning over 15% of citizens are out of work – almost twice the national average. Rates of unemployment this high have not been seen since 1987.
 - The impact is being felt most acutely by younger workers, with over 1 in 5, 16 to 24 years olds out of work.
- 1.2 Birmingham City Council consulted on a Draft Covid-19 Economic Recovery Strategy for 6 weeks from 5th October 2020. The responses have been considered and have informed the preparation of the final Covid-19 Economic Recovery Strategy (the Strategy). This report seeks approval to adopt the Strategy.

2 Recommendations

- 2.1 Approves the adoption of the Covid-19 Economic Recovery Strategy as set out at Appendix 1 to this report.
- 2.2 Notes the content of the Consultation Statement which forms Appendix 2 to this report.

3 Background

- 3.1 Over recent years the local economy has been performing quite strongly on several metrics, including economic output, workplace employment and business growth. Economic output in Birmingham in 2018 (latest data) stood at £31.9billion. Economic growth in Birmingham between 2017 and 2018 was 4% in real terms, well above the UK average of 1.4% and the core city average of 1.8%. GDP per head in Birmingham stood at £27,966, below the national figure of £32,216, and the second lowest of the core cities. In March 2020 the stock of active businesses in the city stood at 38,370 and there was a 4.5% growth in business numbers between 2019 and 2020, well above the UK average and the second-best performing core city.
- 3.2 The economic impact of the Covid-19 pandemic has been and continues to be significant. The long-term economic impacts are considered to be very significant and more severe than the 2008/09 global financial recession.
- 3.3 The latest official estimates are that UK GDP shrank by 2.6% in November 2020 as the second national lockdown bore down on activity. The UK economy is still 8.5% smaller than it was in February 2020 (prior to the first lockdown) and with the country now in a third lockdown the threat of a double dip recession is significant. The Office of Budgetary Responsibility (OBR) forecast that the UK economy will not return to pre pandemic levels until March 2022.
- 3.4 The impact has been felt differently across different sectors. The ability of some sectors to carry on operating whilst other sectors have faced a long period of shutdown, together with the extent to which the packages of Government support are enough to support sectors has led to disparity of impact. The retail and leisure, tourism and hospitality, arts and cultural sectors have been particularly hard hit.

Further details of the sector specific impact are outlined in the Challenges and Opportunities section of the Economic Recovery Strategy (see Appendix 1).

- 3.5 The Government's Coronavirus Job Retention Scheme (furlough) has reduced the impact and undoubtedly reduced the number of job losses. At the time of writing this scheme will run until 30th September 2021. Across Birmingham, 40,000 workers in the city were on furlough as at 31st October 2020, 9% of all eligible workers locally.
- 3.6 Claimant count unemployment in the city has increased considerably since the pandemic began. The latest data for November 2020 shows that the claimant count for the city stood at 81,925 its highest level since 1987. Unemployment numbers locally have increased by 33,365 (+69%) since February 2020 and the unemployment rate now stands at 15.3%. The unemployment challenge is being felt disproportionately across the city with the impact being felt more strongly in certain areas of the city/communities which have a higher concentration of low income households and people working in the most heavily affected sectors. Early indications are that young people and Black and Minority Ethnic (BAME) residents are more severely impacted. Unemployment is highest in the inner city with Handsworth ward having the highest proportion of residents aged 16-64 unemployed at 20.6%; followed by Lozells (20.0%) and Birchfield (19.5%). The lowest unemployment proportions are found in Sutton Wylde Green (3.2%), Bournbrook and Selly Park (3.2%) and Sutton Four Oaks (3.9%).
- 3.7 The Covid-19 Economic Recovery Strategy summarises the City Council's contribution to supporting the economy of the city as it recovers from the Covid-19 crisis and adapts to changing conditions, including the challenges of leaving the European Union.
- 3.8 The Strategy sits alongside plans set out by the West Midlands Combined Authority (WMCA) and the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP). It also sits alongside the Community Recovery Framework which shares the same outcomes as the Economic Recovery Strategy.
- 3.9 The City Council's overall priorities for recovery from Covid-19 are:
- Creating a more inclusive economy and tackling the inequalities and injustices highlighted by the crisis.
 - Taking more radical action to achieve zero carbon emissions and a green and sustainable city.
 - Strengthening our public services and creating new services to address needs.
 - Building the strength and resilience of our communities, based on the positive response to cities.
- 3.10 The City Council's priorities for economic recovery are:
- Place development and management
 - Green recovery

- Supporting people and businesses – especially protecting jobs and helping people find training and work
- Unlocking and accelerating infrastructure investment.

3.11 The Economic Recovery Strategy sets out several principles and these form the basis for the Strategy as follows:

- Follow the vision and principles set out in the Birmingham Development Plan
- Inclusive growth as a key cross-cutting principle
- Maximise opportunities for jobs and skills provided by existing and planned projects and funding
- Engage and work with our partners and key stakeholders, WMCA, GBSLEP, the Core Cities network, and complement/add value to their work
- Align activities around a series of ‘Big Moves’ - key programmes that will have the most impact
- Focus on what we can do additionally and differently
- Focus on what can commence in the short to medium term (0-2 years)
- Develop and implement plans to respond to the impact of Brexit alongside the wider economic shock.

3.12 The Strategy sets out an Intervention Plan which shows the main projects and programmes that will deliver the objectives. In summary these are:

- **Place Development and Management**
 - Delivering a transformational programme of regeneration, including:
 - HS2 and the Curzon masterplan - a regeneration scheme set to deliver over 36,000 jobs, 600,000 sqm of employment space, 4,000 new homes and a £1.4 billion economic uplift.
 - Smithfield – working with Lendlease to regenerate a 17ha site delivering 3 million sq feet of new floorspace and 2,000 new homes.
 - Paradise Phase 2 - The redevelopment of the former library and Conservatoire to deliver 10 high quality new buildings which will combine office, retail and hotel uses with new public space. Phase one is due to complete in 2021, Phase two will comprise a new hotel, 3 Chamberlain Square and a new public square – Ratcliffe Square and is due to complete in 2023.
 - Peddimore - delivery of a 71 ha, high quality strategic employment site through a joint strategy developed between BCC, IM Properties and West Midland Growth Company (WMGC)

- Perry Barr - significant investment in the area to deliver new homes, improvements to public transport infrastructure, walking and cycling routes, community facilities and high-quality public spaces.
- The Urban Centres Programme which will include a range of projects aiming to stimulate the re-invention of local centres and sustain the trend in uplift of local use and interest from residents. It will transform centres into diverse, well-connected, unique hubs at the heart of local communities. The framework is based around three key themes of increased activity, improved connectivity and enhanced local identity.
- Bringing forward the development of the Wheels site; this site has the potential to provide 1million sq. ft of new and improved employment led development, creating up to 3,000 jobs.

- **Green Recovery**

- Delivery of a series of low carbon projects as part of the Route to Zero (R20) programme including the expansion of walking/cycling. Please note this document does not replace or supersede R20. The City Council will publish an action plan for R20 which will include petitioning Government for resources.
- Birmingham Municipal Housing Trust (BMHT) projects including a Passivhaus (a Passivhaus is a building in which thermal comfort can be achieved solely by post-heating or post-cooling the fresh air flow required for a good indoor air quality, without the need for additional recirculation of air) pilot which will explore whether the standard could be met across BMHT homes; and updating the specification to reduce CO2 emissions from new homes.
- Supporting the expansion/development of Tyseley Energy Park (TEP) - the strategic location of the TEP will spearhead urban regeneration in one of Birmingham's key deprived areas and enable green physical infrastructure including low and zero carbon refuelling and recycling.
- A renewal of the Big City Plan which takes the opportunity to reframe the document in the context of Route to Zero. This is a vital document in the next stage of city centre development, with a focus on decarbonising development; clean air; embracing technology and innovation.

- **Supporting People and Business**

- Creating new employment opportunities in deprived areas, work is already underway on this in East Birmingham and lessons learnt from the East Birmingham Inclusive Growth Strategy will be applied across the city.
- Employment and skills support – Continuing work by the Employment Access Team to extract maximum social value commitments across all contracts and ensure these are focused on local unemployed residents and that high-quality jobs are delivered.

- Delivering grants to support the recovery of businesses across a range of sectors and industry
 - Supporting our town centres and high streets (including city centre).
 - Stepping up our approach to “Local Wealth Building”, working with key anchor institutions to keep spending local and build up social enterprises
 - Maximising opportunities presented by the Commonwealth Games Trade, Tourism and Investment Strategy - The WMCA Board have approved £2.6million for a programme designed to squeeze even more from the Games which are already expected to bring millions of extra pounds into the West Midlands economy and create thousands of jobs. The scheme looks to capitalise on the region’s time in the international spotlight to boost its reputation as a world-class destination for trade, investment, education and tourism.
 - A comprehensive Brexit Readiness Programme
 - Work with Core Cities Network to lobby Government to develop a devolved skills and employment stimulus package as a pathway to an inclusive low carbon economy
- **Unlocking and Accelerating Infrastructure Development**
 - Delivering the Birmingham Emergency Transport Plan to support walking and cycling and make space for social distancing and working with the WMCA on transport schemes and cross-boundary development corridors.
 - Maximising the benefits for local communities through local procurement and ensuring that local people can access the jobs created.
 - Delivering the East Birmingham metro extension - a crucial piece of transport infrastructure connecting Birmingham to Solihull.
 - Lobbying the Government for funding to deliver further public transport improvements.
 - Work with the Core Cities Network and propose to address local government financial gaps through a sustainable three-year settlement.
 - Delivering digital inclusion.

4 Options Considered and Recommended Proposal

- 4.1 There are two options which are available to the City Council in responding to the economic impact of the Covid-19 pandemic.
- 4.2 **Option 1 - Do Nothing:** the City Council can choose to not progress an Economic Recovery Strategy of its own and instead rely on the work being undertaken by other organisations such as the WMCA and the GBSLEP. The disadvantages of this option are that the City Council would not be clearly defining its own role in shaping the City’s Economic recovery from the Covid-19 pandemic.

- 4.3 **Option 2 – Adopt & Implement the Economic Recovery Strategy:** The Economic Recovery Strategy presented at Appendix 1 to this report sets out the distinct actions that the City Council can take in order to stimulate economic recovery. This work sits alongside that of the WMCA and the GBSLEP and therefore, adopting a Birmingham City Council Covid-19 Economic Recovery Strategy is considered to be the preferred option because it clearly outlines the role of the City Council in shaping the City's economic recovery from the Covid-19 pandemic.

5 Consultation

- 5.1 The Draft Economic Recovery Strategy was available for consultation between 5th October and 16th November 2020. The consultation was undertaken online, via the Council's website and the BeHeard consultation portal. A total of 29 responses were received.

- 5.2 The main issues were:

- Comments were mostly supportive of the vision. However, there was some concern about the vision and plan being based on the city pre-Covid and that it did not reflect the fundamental changes that have since taken place;
- The role of the city centre was discussed in detail. One aspect looked at the long-term vision and support it required to address its changing role post-Covid, whilst another aspect saw this as an opportunity to develop local centres and more deprived neighbourhoods;
- The availability and range of business support was a key issue. Some businesses and sectors had not received support/grants, whilst some felt the City Council were not proactive or innovative enough in their approach;
- Skills retraining was deemed as an important tool going forward. Further detail on programmes to support retraining and reskilling post-Covid was requested in light of the impact on different industries;
- The impact on the community was also discussed in detail and the varying impact Covid had on different neighbourhoods and communities. The plan did not go into any detail on how these issues would be addressed;
- There was a call to lobby government to reform the business rates system to help local businesses and support growth; and
- The Economy and Skills Overview and Scrutiny Committee felt that the arts and cultural sector was notable for its absence from the report. This was not just the major arts organisations who have suffered, but also the grassroots community arts organisations who might find it more difficult to come back from this setback or qualify for government support. Equally, the hospitality

and retail sectors were noted as being hugely disadvantaged and this again is not fully reflected in the plan.

- 5.3 The Consultation Statement explains how each of the comments has been addressed. Numerous changes have been made to the Economic Recovery Strategy to reflect the comments received. The consultation responses are set out within the Consultation Statement which forms Appendix 2 to this report

6 Risk Management

- 6.1 There is a risk that the economy will continue to decline, at least in the short term, following the adoption of the Covid-19 Economic Recovery Strategy. We are still in a period of restrictions and there is a lot of uncertainty over when some parts of the economy will be able to re-start and at what scale. This is recognised within the Strategy, however, there is a risk that the on-going uncertainty and restrictions will impact on the delivery of some of the projects within the Strategy.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 The Covid19 Economic Recovery Strategy is aligned with the City Council's City Plan priorities and will help to achieve all of the objectives but specifically: Birmingham is an entrepreneurial city to learn, work and invest in; and Birmingham is a city that takes a leading role in tackling climate change.
- 7.1.2 The City Council declared a Climate Emergency in June 2019 and committed to becoming net zero carbon, both as an organisation and as a city. The Economic Recovery Strategy will help to deliver the Council's Climate Change ambitions by focusing on a low carbon economic recovery.
- 7.1.3 The Economic Recovery Strategy is consistent with the Birmingham Transport Plan, the Birmingham Development Plan and the emerging Our Future City Plan.

7.2 Legal Implications

- 7.2.1 Under Section 13 of the Planning and Compulsory Purchase Act 2004 the Council, as a principal planning authority, must keep under review the matters which may be expected to affect the development of their area or the planning of its development. Such matters include the principal economic, social and environmental characteristics of their area, the communications, transport system and traffic of the area, the principal purposes for which land is used in the area and any other considerations which may be expected to affect those matters. The matters also include any changes which the Council think may occur in relation to any other matter and the effect which such changes are likely to have on the

development of the Council's area or on the planning of such development. The Council may also keep under review and examine such matters in relation to any neighbouring area to the extent that those matters may be expected to affect the area of the Council and in exercising this function the Council must consult with the local planning authority for the area in question.

- 7.2.2. There is presently before Parliament an Environment Bill which had the first day of the Report Stage in the House of Commons on 26 January 2021 when it was carried over for further debate on a later date. If enacted this bill will lead to the setting of national long term targets in respect of any matter which relates to the natural environment or people's enjoyment of the natural environment including priority areas for air quality, water, biodiversity and resource efficiency and waste reduction which may affect the Council's activities. The bill, if enacted, will also establish a new "Office For Environmental Protection" ("OEP") and it will place duties on persons whose functions include functions of a public nature to co-operate with the OEP and give it such reasonable assistance as it requests (including the provision of information) in connection with the exercise of its functions.

7.3 Financial Implications

- 7.3.1 The Economic Recovery Strategy has been prepared using existing Inclusive Growth Directorate staff resources and specialist external consultants funded from existing Inclusive Growth revenue budgets
- 7.3.2 All future programmes/projects/schemes resulting from the adoption of the Economic Recovery Strategy will be progressed in accordance with the Council's Gateway and Related Financial Approval Framework, which will include the identification of financial implications and associated resources.

7.4 Procurement Implications (if required)

- 7.4.1 No implications

7.5 Human Resources Implications (if required)

- 7.5.1 No implications

7.6 Public Sector Equality Duty

- 7.6.1 An Equality Impact Assessment has been undertaken and forms Appendix 3 to this report.

8 Appendices

Appendix 1: Covid-19 Economic Recovery Strategy

Appendix 2: Consultation Statement

Appendix 3: Equality Assessment of the Covid-19 Economic Recovery Strategy

9 Background Documents

9.1 None