

**From:** Mike Whiting, Cabinet Member for Economic Development  
Barbara Cooper, Corporate Director of Growth, Environment and Transport  
David Smith, Director of Economic Development

**To:** Growth, Economic Development and Communities Cabinet Committee – 3 July 2020

**Subject:** Economic Recovery Plan

**Classification:** Unrestricted

**Past Pathway of Paper:** N/A

**Future Pathway of Paper:** N/A

**Electoral Divisions:** All.

**Summary:**

This paper introduces the draft Economic Recovery Plan to support the Kent and Medway economy as it emerges from the Covid-19 crisis. The draft Plan considers the challenges that the economy will face after the immediate crisis has passed, and identifies where Kent County Council, with partners, should prioritise its resources going forward.

Consultation with County Council Members and other stakeholders took place in June. A revised version of the draft Plan is currently being prepared, and work is underway to identify and take forward actions. A further update on the revised Plan will be presented to the Cabinet Committee on 3 July

**Recommendation:**

The Cabinet Committee is asked to consider the draft Economic Recovery Plan and to endorse or make recommendations to the Cabinet Member for Economic Development on the actions that Kent County Council will prioritise in supporting economic recovery from the Covid-19 pandemic.

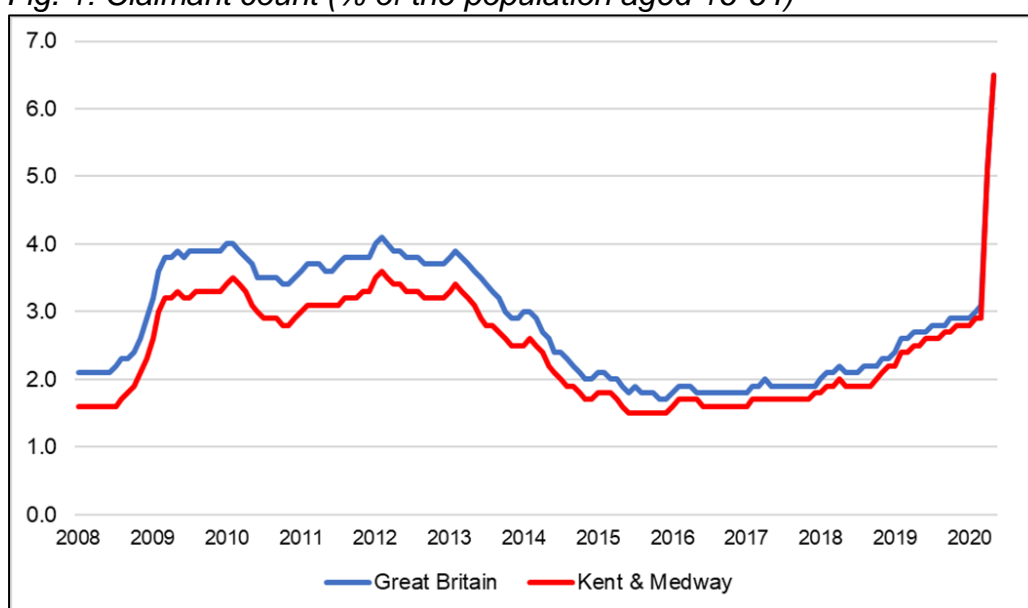
**1. Background: The scale of the economic crisis**

- 1.1. The Covid-19 pandemic has already had significant impacts on the Kent economy. Overall, it is estimated that Kent and Medway faces an output loss of around £5.3 billion in 2020. Almost all sectors of the economy will be affected by this, although the impact on hospitality and tourism, retail and the cultural sector is especially severe.
- 1.2. The Government responded quickly at the end of March with a substantial package of measures to protect jobs and businesses, including the Coronavirus Jobs Retention Scheme (the furlough scheme) and a series of

grant and products for business. This has since been adjusted in response to evidence of economic need, and the package has helped to avert widespread business closures and redundancies.

- 1.3. However, the crisis has still been accompanied by a sharp increase in unemployment. Between March and May, the 'claimant count' in Kent and Medway rose by 122% - a much faster increase than in the last recession following the 2008 financial crash. It is likely that unemployment may rise further as new entrants join the labour market after the end of the academic year, and as the Government unwinds the furlough scheme. This presents significant long-term risks, given that unemployment levels typically remain high even as recovery from recession gets underway.

*Fig. 1: Claimant count (% of the population aged 16-64)<sup>1</sup>*



- 1.4. Nevertheless, despite the scale of the challenge, there is evidence that many firms have responded well, in adapting their product mix to meet changing demand, adjusting methods of production and building resilience into supply chains. The 'macro' picture is clearly negative and recovery will take time – but several firms with which we have consulted in recent weeks see grounds for optimism over the longer term.

## 2. The immediate economic response

- 2.1. Kent County Council, with its partners in the Kent Districts, responded quickly to the economic challenge:
  - KCC and the Districts have funded the Covid-19 Support Line, managed by Kent Invicta Chamber of Commerce and reported elsewhere on this agenda. The Support Line has responded to over 7,000 calls from business (and over 1,500 webchat contacts) since the

<sup>1</sup> ONS (June 2020). The claimant count is the count of people claiming Universal Credit required to seek work and people claiming Jobseekers' Allowance

end of March, supporting business in accessing financial assistance and linking them with a wider range of support products

- Local government has played a vital role in the delivery of the Government's economic mitigation measures: by the end of May, the Kent Districts and Medway had paid some £307 million to local businesses through the Retail and Hospitality Grants Scheme and the Small Business Grants Fund (in addition to automatic rates relief)
- Work is also underway to re-launch the Kent and Medway Business Fund, to offer loans up to six years interest-free.

### 3. Developing the Economic Recovery Plan

3.1. Building on this, a draft Economic Recovery Plan has been prepared. This looks to the medium-term (i.e. the next 12-18 months) to set out the actions that KCC and its partners should take to support economic revival and longer-term sustainability and resilience. It should be noted that while the Economic Recovery Plan is partly concerned with the actions that local partners can take within our own resources, it will also be important in making the case to central Government, either for direct funding or for the design of national programmes to address local need.

3.2. The current draft Economic Recovery Plan proposes five 'channels' of activity:

- **Communications, confidence and trust:** Providing better intelligence to inform our actions and ensuring collaboration and partnership to drive our activity.
- **Open for business:** Taking action quickly to build confidence and demonstrate that Kent and Medway, including its town and city centres and visitor economy are 'open' and accessible.
- **Supporting businesses in the return to growth:** Practical measures to help firms grow, innovate and adapt to changing circumstances and markets.
- **Accelerating employment and supporting the labour market:** Active measures to counter the likely steep rise in unemployment.
- **Investing in the future:** Bringing forward capital spending and planning for future investment.

3.3. The draft Plan was prepared as a discussion document. It was circulated to all County Council Members, and has been considered by Kent Council Leaders, Kent and Medway Economic Partnership, and several other local authority and business forums. It was also discussed at a recent briefing meeting for members of the Growth, Economic Development and Communities Cabinet Committee.

3.4. During the consultation process, a number of areas were highlighted in which the draft Plan could be strengthened, particularly:

- Highlighting the opportunity to ‘build back better’ and the positive potential for future growth, as well as mitigating the negative impacts of recession
- Embedding climate change resilience, low carbon transition and the need for long-term sustainability
- Recognising the increased demand that the immediate crisis has placed on digital infrastructure (and the opportunities that this presents)
- Building longer-term skills development as an integral part of the labour market response

3.5. These points are being addressed in the revised Economic Recovery Plan, which is currently being prepared. It is envisaged that the contents of the revised draft will be presented to GEDC CC on 3 July.

#### **4. Action planning**

4.1. Alongside the draft Economic Recovery Plan, work is underway to develop specific actions, both for local delivery and for engagement with Government. These include the development of a ‘pipeline’ of potential initiatives (capital and revenue) that could support the delivery of the Economic Recovery Plan and will help to place Kent on the ‘front foot’ in responding to funding opportunities and requests from Government.

#### **5. Recommendations**

5.1. The Cabinet Committee is asked to consider the draft Economic Recovery Plan and to endorse or make recommendations to the Cabinet Member for Economic Development on the actions that Kent County Council may make in support of economic recovery from the Covid-19 pandemic.

5.2. A presentation on the contents of the revised Economic Recovery Plan and the development of specific actions will be made to the Cabinet Committee on 3 July.

#### **Contact details**

##### **Report Author and Relevant Director:**

David Smith

Director of Economic Development

[David.smith2@kent.gov.uk](mailto:David.smith2@kent.gov.uk)