



Covid-19

economic recovery **action plan**





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F O R E W O R D

Foreword from Kevin Harris, Chair of the Leicester and Leicestershire Enterprise Partnership

It is no exaggeration to say that Covid-19 is the most damaging economic shock in a working generation, and its impact on our area will be long lasting and far reaching. This unforeseen public health crisis has disrupted our lives and businesses in an unimaginable way over the past year. And yet, it has also shown that when most needed, we are able to come together as one. Through the Local Resilience Forum many different agencies have worked together to address the challenges, and many of our businesses have pivoted their operations to respond to changing consumer demand.

Developed in consultation with public, private and voluntary sector partners, this Economic Recovery Plan identifies the key priorities for action over the next 12 months. Setting out our short-term priorities, with particular focus on employment and jobs, access to skills, particularly digital and green technology skills, supporting business recovery and increasing innovation across the industrial spectrum.

Our aim, together with our public, private and voluntary sector partners, is to build back a robust and sustainable economy, where business and residents can flourish, and inclusive growth is embedded into our ways of working. Over the coming year we will continue to work in partnership to create jobs, deliver growth and transform to a low carbon economy. We will harness the strengths of our universities and Enterprise Zones to ensure that our businesses are able to seize opportunities through innovation and the adoption of technology.

It will be challenging, we do not yet know the full impact that the pandemic will have on our economy, and the impact on jobs and some sectors of the economy is already significant. We will use emerging data to continue to focus our resources on supporting the recovery of our High Streets, the diverse range of sectors within our economy and the health and wellbeing of Leicester and Leicestershire residents. At the same time we will relentlessly pursue opportunities within our reach, taking advantage of our unique geographical location and the many advantages that this affords us.

This Economic Recovery Plan is the start of a critical path for this area, built on our collective will to rebuild our economy, for businesses, for individuals and the communities they belong to.



1. Introduction

The impact of the Covid-19 pandemic is unprecedented. Unlike other economic shocks, it is ongoing and volatile with the likelihood of repeated lockdowns giving rise to high levels of uncertainty. Local response in Leicester and Leicestershire has been coordinated through the Local Resilience Forum, comprising key stakeholders, with Leicester and Leicestershire Local Enterprise Partnership (LLEP) leading the Economic Recovery Cell (ERC). The ERC has overseen the development of a high-level Economic Recovery Action Plan for Leicester and Leicestershire as part of the Covid-19 Economic Recovery framework:

1	Analyse Economic Shock	Immediate and ongoing
2	Create short-term economic recovery plans	12-18 months (to Dec 2021)
3	Develop longer term economic recovery strategy	5-10 years (to 2030)

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An initial draft of the plan was circulated among partners and stakeholders in September 2020 and feedback received has been incorporated into the development of the current more succinct and focused plan.

The plan was developed according to the following principles:

- Using available economic data to inform the plan
- Focusing on business and employment support
- Recognising where there are opportunities to build back better and respond to emerging local and national priorities.

To meet immediate local needs priorities have been structured against the following key themes:

- Business recovery
- People, employment and skills
- Green recovery
- Innovation, science and technology
- Infrastructure

This document identifies the key priorities; it is supported by a detailed matrix developed with partners and stakeholders which captures the specific responsibilities, actions, timescales and resources feeding into each of the identified priorities within the plan. This will be regularly reviewed by the Economic Recovery Cell.

Cutting across all of the priorities are four identified 'golden threads': cross cutting strands embedded within the recovery actions which are seen as critical to successful economic recovery. In the more detailed plans, consideration will be given to how these overarching themes will be addressed within each priority.

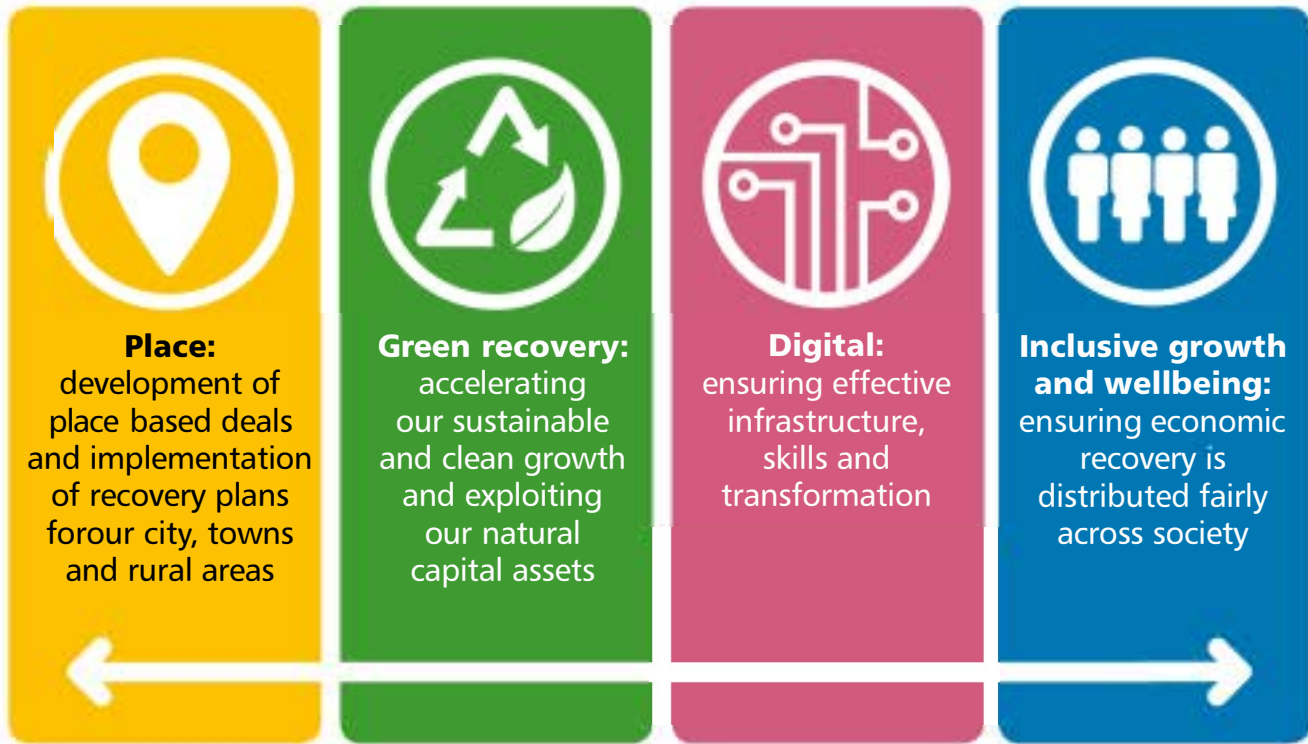


FIGURE 1 Cross-Cutting Themes

2. COVID-19 Economic response


At the time of writing the fluid nature of the impact of Covid-19 on our economy has already been felt keenly in Leicester and Leicestershire, firstly through the extended period of lockdown within Leicester and its surrounding districts and more recently by the announcement of a further national lockdown due to begin on 5 November.

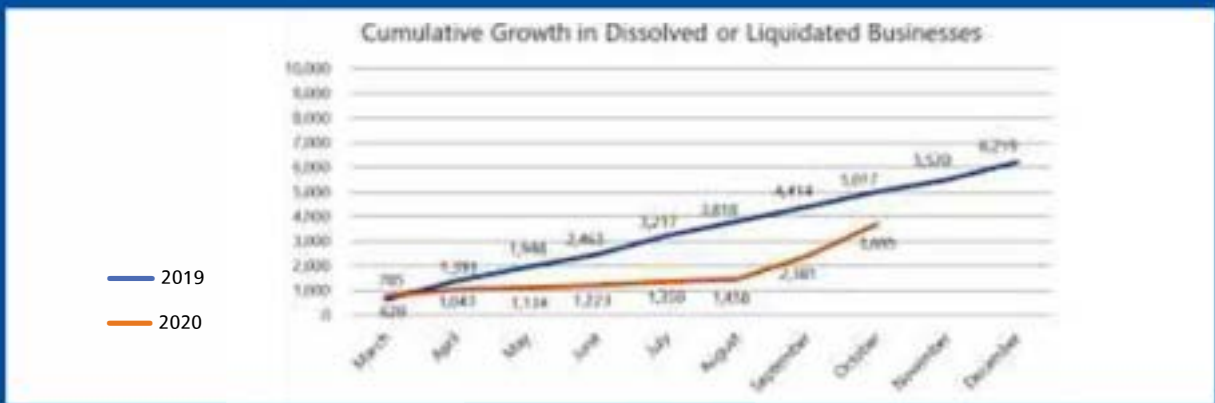
The Recovery Plan has to be flexible and to provide a steer in terms of positive actions which can be undertaken within the next 18 months to mitigate against the effects not only of Covid-19 but also of EU transition once the transition arrangements come to an end on 31 December 2020.

Therefore, in determining priorities for action, a number of factors have been considered in addition to the feedback from stakeholders to the first draft:

- a reduced number of priorities allowing concentration on key issues;
- responding to immediate and emerging priorities where resources have been identified;
- consideration of additional impact arising from EU Transition;
- actions which can be achieved within the coming year to December 2021;
- importance of addressing the most adversely affected parts of the economy but also of building upon strengths of the area to aid recovery;
- ensuring that the plan addresses the needs of all parts of our economy, be that urban, rural, high street or city centre; and that where possible actions will have a wide-ranging impact and
- ensuring the plan remains flexible to consider the impact of future lockdowns and closures of non-essential business.

3. Economic Impact – Leicester and Leicestershire

<p>National GDP in August 9.2% below the February pre-Covid-19 rate. <small>Source: ONS</small></p>	<p>52,600 employments furloughed at 31 August 2020* <small>Source: HMRC</small></p>
<p>19,975 more people claiming ISA or Universal Credit between March and October Claimant rate for 18-24-year olds was 6.4% in October <small>Source: Nomis</small></p>	<p>29,200 claims made to the Self Employment Income Support Scheme up to 31 August 2020* for a total value of £73.8 million <small>Source: HMRC</small></p>
<p>As of 30 August £193,885,000 paid out to 16,507 business properties through the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund. A total of 95% of eligible businesses have received funding. <small>Source: HMRC</small></p>	<p>Job Postings</p>  <p><small>Source: EMSI</small></p>



Source: FAME, Bureau van Dijk

Business Concerns

83% Further Covid-19 Outbreak	40% Cashflow
49% Red tape	39% Maintaining supply chains
46% Political uncertainty	35% UK leaving EU
44% Social Distancing	

Source: Leicester and Leicestershire Business Survey – May-August cohort of 250 respondents

*Includes all claims received to 30 September 2020

FIGURE 2 Economic Impact

The data in Figure 2 illustrates the impact which Covid-19 has had on the area as a whole, however, it is recognised that there are business sectors and groups within society likely to be more adversely affected.

More vulnerable industries

Industries most adversely affected by Covid-19 have been those classed as non-essential where they have been unable to trade, but also those within supply chains. For example, agriculture has been adversely affected by the decrease in demand from wholesalers supplying the hospitality industry.

Travel, tourism and hospitality sectors have been among the hardest hit, and the impact has been keenly felt across the area, particularly through the extended Leicester lockdown. Allied to this is the impact on creative and cultural industries, hit hard by the preparation and development time required to stage events and productions in addition to social distancing requirements.

The retail sector has also been impacted by the closure of non-essential retail, albeit that some outlets have been able to pivot to online platforms.

Whilst not all manufacturing has been adversely affected by Covid-19, there is a concern that the predominance of manufacturing across Leicester and Leicestershire which exports to the European Union could increase the area's vulnerability following the Brexit deal with the EU.

More vulnerable sections of our population

Young workers (aged up to 25) are likely to be disproportionately disadvantaged by any downturn in the economy. They are the highest percentage of claimants by age group, and young women are particularly disadvantaged as they are more likely to work in hospitality or retail. This age group is likely to be the hardest hit for a number of reasons including missing education, reduction in apprenticeship opportunities, a more competitive labour market and lack of workplace digital skills. At the other end of the age spectrum, those over 50 may also find it harder to secure employment in times of recession.

In any recession, there is an increased propensity for widening inequalities, with disadvantaged communities at greatest risk, including BAME communities, people with disabilities and care leavers.

Whilst the priorities are high level, the development of specific actions within the Action Matrix, will ensure that we address the needs of those businesses and individuals who are forecast to be disadvantaged, linking activity and interventions to areas of opportunity and growth.

4. Progress to Date

Businesses Support

- Local authorities across Leicester and Leicestershire successfully distributed £193,885,000 of government grant support (Small Business Growth Fund and Retail, Hospitality and Leisure Grant Fund) to 95% of eligible businesses compared to national average of 93%.
- The Business Gateway Growth Hub delivered over 100 webinars to SMEs between April and October, many of them focused on supporting businesses through Covid-19.
- Between August and October 2020, grants totalling £484,594 have been made to 71 rural businesses through the Leicestershire Business Recovery Fund.
- A Tourism Recovery Framework has been developed by the Tourism Advisory Board.
- The Growth Hub developed a [Covid-19 Business Toolkit](#) to ensure businesses have access to the latest information and guidance.
- Established a Massachusetts Institute of Technology (MIT) Regional Entrepreneurial Acceleration Programme (MIT REAP)¹ project group comprising De Montfort, Leicester and Loughborough Universities, SMEs, Corporates, Risk Capital, LLEP Growth Hub and UKRI to drive forward innovation priorities through enabling improved connections between the area's assets in science and technology and its strong manufacturing base.
- Produced regular economic intelligence updates on the impact of Covid-19 via the LLEP Business and Economic Intelligence Update, [LSR Online](#) and Multi-Agency Information Cell to inform planning and sharpen the focus of potential interventions.
- Development of a range of Business Improvement District, City and Town Centre Recovery Plans.
- Identification of £1.6m additional LLEP funding to support Covid-19 recovery interventions including low-carbon technologies, NEET prevention, digital poverty and potential local enhancements to existing schemes of support.

People

- The Enterprise Adviser Network secured £20k of Careers and Enterprise Company (CEC) funding to deliver 1,500 'Unbox Your Future' toolkits to young people across Leicester and Leicestershire at risk of becoming NEET (not in education, employment or training).
- An immediate response to potential redundancies through collaboration between LLEP, Futures, Leicester Employment Hub and the Department of Work and Pensions to set up the Covid-19 redundancy and recruitment service.
- A range of organisations including local authorities, business representative organisations, and training providers have registered as Gateway organisations for the Government's Kickstart Scheme, which provides funding to create new job placements for 16 to 24-year olds on Universal Credit who are at risk of long-term unemployment.

Infrastructure

- Allocation of £20m to four projects via the Getting Building Fund
 - Junction 23 M1 / A512 Access Improvements
 - St. Margaret's Gateway
 - Sportpark Pavilion 4
 - Granby Street and St. George's Street Regeneration Gateway

¹ A pilot project designed to support LEPs/MCAs to develop strategies and approaches to drive up productivity and entrepreneurial innovation in their local area.

5. Priority Actions

People, Employment and skills

- 1 Augment the national Kickstart programme through the delivery of local enhancements to maximise young people's prospects of securing employment.
- 2 Deliver additional targeted support to those young people most at risk of becoming NEET.
- 3 Create a Leicester and Leicestershire Digital Skills partnership made up of key partners, businesses and stakeholders in order to address digital skills deficiencies in the workplace and wider society.
- 4 Identify and deliver interventions targeted at reducing digital poverty across Leicester and Leicestershire.
- 5 Develop an area-wide Apprenticeship Strategy with input from businesses and key delivery partners to enable both employers and individuals to benefit from the opportunities offered by apprenticeships and enable volumes to increase post-Covid-19.
- 6 Secure a Wave 2 Institute of Technology (IoT) within the LLEP area to provide a vehicle for the delivery of higher technical qualifications and digital skills linked to the needs of the economy of Leicester and Leicestershire.
- 7 Create opportunities for graduate employment within SMEs as both a route to business recovery for the employer and a way of creating employment opportunities for graduates.
- 8 Develop clear pathways into employment for emerging, highly productive and buoyant sectors (e.g. low carbon) through detailed consultation with sector representatives to understand the skills and qualifications required, the scale of opportunity and the range of occupations.
- 9 Deliver effective careers, employment and retraining advice through DWP, NCS and other partners. Consider if there is a need to further supplement this activity at a local level. Reduce the flow of low skilled, poorly qualified individuals into adulthood and ensure that good quality, relevant careers support is available to all age groups, including those over fifty.
- 10 Enable continued delivery of support interventions for those furthest from the labour market in both urban and rural settings.

Business Support

- 1 Provision of ongoing advice and support to business on both Covid-19 and EU transition through a range of channels feeding into the Business Gateway Growth Hub as the impact of both events continues to unfold.
- 2 Respond to an anticipated increase in demand for start-up support through the development and coordination of a cohesive local framework for start-up support. This will draw together existing offers including provision for the development of entrepreneurial skills among key groups, e.g. newly redundant, graduates, young people and women.
- 3 Commission research on the impact of Covid-19 and EU Transition across a range of sectors to enable the development of sector recovery plans and effective targeting of support not only to those industries adversely affected but also those where there are identified opportunities for growth.

- 4 Use discretionary funding to extend availability of Business Grants to a greater number of SMEs and particularly those who have been unable to access any other form of financial support during the crisis.
- 5 Provision of support for the development of locally based supply chains where possible to address instances where chains have been broken as a result of Covid-19 and to mitigate against the impact of EU transition.
- 6 Utilising established channels, further invest in place marketing, with outputs which play to the strengths of the area, mitigating against any residual negative image resulting from Covid-19 and connecting and communicating effectively to new markets and visitors alike.
- 7 Establish sector focused Peer Networks to enhance resilience and recovery from the impact of Covid-19 and enable SMEs to develop potential for future growth and productivity.
- 8 Provide support to enable digital transformation in SMEs across a range of sectors.
- 9 Develop a comprehensive roadmap leading to a zero-carbon economy for Leicester and Leicestershire to include investment opportunities, jobs and skills requirements and identifying pathways to training and careers.

Innovation

- 1 Establish an adequately resourced LLEP Innovation Board to provide impetus and oversight to drive forward accelerated innovation priorities at a strategic level and ensure that momentum is maintained.
- 2 Develop sector-focused accelerator programmes, to channel innovation in both traditional and beacon sectors. Use accelerator programmes to forge improved connections between the area's 'beacon' science and technology assets and 'bootstrap' manufacturing base enabling cross sector transfer of technologies.
- 3 Identify and action 'quick win' opportunities for the creation of new spaces (both physical and virtual) for improved knowledge exchange and cross-fertilisation of skills from high R&D to low R&D sectors. These connections would stretch beyond campuses and civic institutions to off-campus mixed spaces, new networks and hubs, and use existing infrastructure (e.g. the well-connected creative and digital industries).
- 4 Develop a support service to act as a catalyst, connecting business to the R&D potential within universities and smoothing perceived barriers to engagement, providing a gateway to an 'accelerator'. This service would act as a bridge to join up higher education expertise with real life business needs and provide support in accessing finance for innovation.
- 5 Enhance sustainability and success through collaboration with FE and HE to develop focused training programmes for the manufacturing workforce to enable adoption of new technologies (e.g. AI, big data, automation, low carbon, e-commerce) which support innovation and enhance manufacturing capabilities.
- 6 Engage with local and regional low/zero carbon innovation programmes to ensure matches with local business and clusters

Green Recovery

To aid Green Recovery some underpinning work is required within the next 12 months to scope the needs of the Zero Carbon sector and develop a package of support which can be applied across the wider business community.

- 1 Initial development of a detailed understanding of the future growth needs of the Zero Carbon sector and the wider decarbonisation of businesses across the LLEP area by:
 - mapping zero carbon and circular economy business opportunities within the local economy;
 - establishing a focus group comprising businesses already engaged in the sector, in order to develop an understanding of how best to support businesses to reduce their emissions/impact and what should be included in the development of a bespoke training package to support the wider business community and
 - Development of a trial product and support package to support the business community to move towards zero carbon and deliver business efficiencies.
- 2 Acceleration of local infrastructure projects in order to begin identifying large scale and visible projects in the LLEP area. This is partly about starting to identify strategic investment projects, partly about generating some local momentum, and partly about securing investment.
- 3 Set out the investment requirements for our local zero carbon development needs and work with partners to match the associated training and skills routes and business opportunities.
- 4 Promotion of sustainable transport options and promotion of green modes of travel including walking and cycling.

Infrastructure

- 1 Delivery of four additional capital projects through the Getting Building Fund which mitigate against the impact of Covid-19:
 - Junction 23 M1 / A512 Access Improvements;
 - St. Margaret's Gateway;
 - SportPark Pavilion 4 and
 - Granby Street and St. George's Street Regeneration Gateway.
- 2 Use the area's natural capital assets to drive a green economic recovery. Establish a natural capital evidence base and assess the contribution of natural capital assets to local growth and productivity with appropriate metrics to enable future monitoring and evaluation.
- 3 Identify opportunities to add further green credentials to plans, e.g. zero emissions vehicles, charging/re-fuelling locations to support zero emissions connectivity and wider uptake of such vehicles by the public sector, private sector and wider use.
- 4 Facilitate improvements in digital connectivity through broadband, Wi-Fi and 5G connectivity, particularly in rural blackspots. Develop a viable and achievable plan for encouraging SMEs and other businesses to adopt 5G technologies as a transformative route to both innovation and improved productivity.



CONTACT DETAILS

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Leicester and Leicestershire Enterprise Partnership Limited (LLEP)

City Hall, 115 Charles Street, Leicester, LE1 1FZ

Tel: +44 (0)116 454 2917

Email: admin@llep.org.uk

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