

WEST NORTHAMPTONSHIRE COUNCIL AUDIT AND GOVERNANCE COMMITTEE

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Report Title Corporate Risks Update: Economic Recovery

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1. Purpose of Report

- 1.1. The Audit and Governance Committee has requested an update in respect of risk E06 Economic Recovery - West Northants recovery from COVID is not supported and managed in a strategic and timely way leading to long term unemployment, a downturn in economy and reduction in prosperity. The purpose of this report is to update on with work being done to mitigate this risk.

2. Recommendations

- 2.1 It is recommended that the Committee notes the actions that have been taken to mitigate the risk

3. Report Background

3.1 **The risk E06 Economic Recovery** - West Northants recovery from COVID is not supported and managed in a strategic and timely way leading to long term unemployment, a downturn in economy and reduction in prosperity, **has a residual score of 16, which is a high risk.**

3.2 **Reasonable Controls have been assessed in relation to the following risks:**

- Exodus of large employers as we fail to retain their business making West Northants an unattractive investment area for new businesses;
- Reduced prosperity leaves inequality issues for most deprived areas and more reliance on foodbanks and other support;
- Increased levels of homelessness and higher demand for temporary accommodation and affordable housing; and
- Increased Debt as a result of inability to pay

3.3 **Poor Controls have been assessed in relation to:**

- Significant job loss means greater reliance on Council tax support and Council services increasing costs; and
- Reduced spending leads to the closure of more retail and offices and business rates income reduction creating cost pressure

4. Update with respect to Reasonable Controls

4.1 **Exodus of large employers as we fail to retain their business making West Northants an unattractive investment area for new businesses.** The control measure for this is to engage major employers in west Northants. In practice, this has taken the form of three key priorities: develop engagement strategy to understand plans, gaps and share prospectus for change and growth; maximise use of all government funding opportunities; and use of Business Improvement Districts (BIDs) to support business.

4.2 Business engagement is on-going, through formal networks (such as Silverstone Technology Cluster), and on an individual basis. The legacy council economy teams had prepared covid recovery strategies, which had been informed by engagement with local businesses within the key sectors of the economy. The advantage to this approach was that it enabled the nuances of the different parts of West Northamptonshire to be picked up – for instance the rural south being skewed towards tourism and hospitality, whereas the urban Northampton was more balanced to include financial services and a significant industrial base.

4.3 Led by the Portfolio Holder, we have also developed a draft investment prospectus, which focusses on the opportunities for new jobs and capital investment to the area. A number of focussed meetings were held with key local investors, to test the content, focus and ‘positioning’ of the prospectus. The intention is that the prospectus will be used as a bidding document, to encourage public and private sector investment into West Northamptonshire.

4.4 We have distributed numerous rounds of Business Grants , to local businesses which have been affected by the pandemic. This has involved preparing policies, to ensure that the money was

targeted to the businesses in most need of the grants. We are currently administering the latest round of Additional Restriction Grants (ARG) including the additional top-up funding recently announced by Government. The window for applications closes on 17 January 2022 and to date we have received 250 applications. The new announced Omicron Hospitality and Leisure Grant scheme offering further support to businesses has just been launched with a closing date for applications of 1 March 2022.

4.5 The Council is also spending £33m of Government grant, comprising Towns Fund in particular, to regenerate Northampton town centre. This will help to stimulate greater private sector investment into the town, as investors will engage with the prospectus, and come and see the significant public sector investment that is being made. It is not only Northampton that is benefitting from this investment – works will shortly complete to upgrade the Towcester Watermeadow, which is a fantastic and well used green space in the heart of the town. In addition, work is due to start this year to create a bigger, upgraded new car park at Sponne Arcade in Towcester. Daventry’s brilliant new cinema has recently opened, which acts as a draw to the town centre.

4.6 We have an excellent working relationship with the BIDs (Brackmills and Northampton town centre), and find they are an excellent way to engage with a large number of local businesses quickly. We also engage with other business support organisations, such as Federation of Small Businesses, which is active in the area.

4.7 **Reduced prosperity leaves of inequality issues for most deprived areas and more reliance on foodbanks and other support.**

4.8 The control measures for this include (but not exhaustive):

- Additional Public Health Community Development staff working in specific localities with the most significant health inequalities
- The STAR (Supporting those at Risk) fund. This is specific funding to address the long-term impact of Covid-19 through supporting organisations that provide local services to the most vulnerable residents in West Northants.
- Ongoing commitment throughout 2021/22 to provide community funding to key advice services provided by the local voluntary/community sector e.g. Citizens Advice; Community Law Service.
- Councillor Empowerment Grants specifically focused on supporting local community groups to recover post-pandemic
- Development of a West Northants Anti-Poverty Strategy by Spring 2022. Alongside this we are actively supporting the completion of a Poverty Truth Commission across West Northants.
- Development of a new Health Inequalities Strategy for West Northants within the new Integrated Care System arrangements.

All of these measures will focus on groups of residents and/or localities most impacted by Covid-19 and support targeted intervention and support plans to reduce inequalities.

4.9 **Increased levels of homelessness and higher demand for temporary accommodation and affordable housing.** The control measures for this include (not exhaustive):

- Additional service provision in the form of accommodation and support for the winter period for people sleeping rough.
- Development of a West Northants Housing Strategy by Spring 2022.
- Co-produce with key partners an application to central government for funding under Rough Sleeper Initiative 5.
- Align and transform temporary accommodation service delivery. Current timetable for this programme of work is January to June 2022. This should deliver a new approach to temporary accommodation provision and a West Northants Temporary Accommodation Strategy (by Summer 2022).
- Complete a comprehensive review of the general need homelessness services (not single homelessness & rough sleeping) across West Northants to inform the programme of transformation of this area of service delivery.
- Start developing a new West Northants Homelessness and Rough Sleeping Strategy in 2022/23.

4.10 **Increased Debt as a result of inability to pay.** The control measure here is to prepare an economic strategy, as well as an anti poverty strategy, together with development of financial support for residents before crisis. The clear priority has been to ensure support schemes are put in place, with access to early advice and support for debt management.

4.11 Economic strategy work has so far focussed on the investment prospectus, which is at an advanced stage. The support schemes that were already in place, concerning debt management, have been enhanced using covid grants.

5. **Update with respect to Poor Controls**

- 5.1 **Significant job loss means greater reliance on Council tax support and Council services increasing costs.** The control for this is to understand where job opportunities are post COVID, and identify skills gaps, to maximise return to work. The individual initiatives include surveying businesses; maximising use of government funding and employment schemes; and investigate business incubation schemes.
- 5.2 Work on the skills strategy is yet to commence, largely due to the focus until now having been on distributing grant funding, as well as other targeted support to employers and employees through the Job Club, and by attending exhibitions and conferences to promote the business support services that we offer.
- 5.3 The Job Club, which matches people to jobs, has been operating in south Northamptonshire for a number of years, and has an established reputation and track record. Money is secured through section 106 to support this work, as the services on offer include CV writing help, as well as other assistance to help people into work.
- 5.4 The Vulcan Works project, in the heart of Northampton, promises to be an excellent facility to support new businesses. West Northamptonshire has a higher than average rate of business formation, and we have invested in a new building to support that. A range of unit sizes are available, and we are in the process of procuring an operator to manage the Vulcan Works.

- 5.5 **Reduced spending leads to the closure of more retail and offices and business rates income reduction creating cost pressure.** The control for this is to prepare an economic strategy and prospectus for business and retail in West Northants. The identified mitigating action is to research retail trends, spend and business support schemes to stimulate new business or business models.
- 5.6 There has been considerable media coverage, both locally and nationally, about high street business closures. Northampton has seen its fair share of shop closures, however the rate of shop closures in Northampton is no higher than the regional or national averages. Towcester, Brackley and Daventry similarly have not experienced disproportionately high numbers of shop closures. It is also worth noting that the larger shop units that have become vacant tend to be national chains which have either rationalised or closed completely. It is therefore a national trend away from bricks and mortar retail, as the growth of online retailing accelerates. A visible consequence of this shift on retailing is the growth in distribution warehouses.
- 5.7 Distribution warehouses are not universally popular, however, they do generate large numbers of jobs. Opponents to new warehousing developments often point to low skilled and low paid jobs, however this is not a universal truth – many distribution businesses employ large numbers of office-based and highly skilled technical staff (to operate and repair machinery), alongside large numbers of drivers, pickers etc. They, therefore, offer highly paid jobs as well as large numbers of lower skilled jobs to replace those being lost elsewhere in the economy. This ‘churn’ in the economy is a normal process, however it has become more noticeable as the process has accelerated due to the pandemic. West Northamptonshire’s location, along the M1 corridor and on the fringes of the logistics ‘golden triangle’ (from which 90% of the UK population is within a day’s drive), makes it an extremely attractive area for distribution warehouse investment. It is also worth noting that large distribution warehouses can be built relatively quickly, and generate large amounts of Business Rates for the Council. The final fact to note is that each of the last three years have seen, nationally, a record take up of distribution floorspace. The demand for warehousing is not going to reduce any time soon.
- 5.8 Empty offices are not all the same. Grade A office space is reasonably likely to be re-let, if the owner is realistic about the rent. Lower grade offices, which become vacant, are less likely to re-let, but that is not to say they will not. The Government has responded to this, with a series of planning rule changes to allow first vacant offices to be converted to residential without the need for planning permission, and more latterly for vacant offices to be demolished and replaced with a new build for residential, without the need for planning permission. The truth is that, without the investment into town centres as destinations (in other words, an experience not just shops), flat conversions will continue to provide the optimal return for the building owners. It is worth stating that flats, within town centres, are a good thing in principle, because they add to the range and choice of housing that is available. The risk is that, if they are not supported by new cultural, leisure and other uses, town centres continue to decline. That is why we have prioritised the regeneration strategy for Northampton, as well as the local plans for the whole of the district, to provide market certainty and stability and to support investment decisions.

6. Implications (including financial implications)

6.1 Resources and Financial

6.1.1 The work that is outlined in this paper is funded either from existing staff resources, or through specific Government Covid grant funding.

6.2 Legal

6.3 The Council has duties to support residents, in particular the most vulnerable, and this report outlines the support services that are provided to meet that responsibility

6.4 Risk

6.4.1 The Council's strategic risks include the one identified in this report.

6.5 Consultation

6.5.1 Not applicable

6.6 Consideration by Overview and Scrutiny

6.6.1 Not applicable.

6.7 Climate Impact

6.7.1 Economic growth does have an impact on climate, and the Council's local plans include policies designed to achieve the highest standards of construction possible

6.8 Community Impact

6.9 The content of this report outlines a range of services, grants and other work that is all intended to support local communities.