


REPORT TO

ECONOMY SKILLS TRANSPORT AND ENVIRONMENT SCRUTINY BOARD

25th June, 2020

Subject:	Moving to Reset and Sustain an Inclusive Economic Recovery in Sandwell
Cabinet Portfolio:	Inclusive growth and Employment and Skills, Cllr Danny Millard
Director:	Interim Director Regeneration and Growth, Tammy Stokes Director Education, Skills and Employment, Chris Ward
Contribution towards Vision 2030:	
Contact Officer(s):	Gareth Owens, Kelly Thomas

DECISION RECOMMENDATIONS

That :

1. Consider and note the contents of the report on impact of Covid-19 on the local economy.
2. Consider and note the actions taken to date to support local businesses.
3. Consider and note the actions taken to date to support employment.

1 PURPOSE OF THE REPORT

- 1.1 This report sets out firstly some context of the severe economic recession caused by Covid19 and considers the activity that the council has undertaken to support the local economy during this period.

2 IMPLICATIONS FOR VISION 2030

- 2.1 Sandwell's Inclusive Economy Deal supports Vision 2030 and will drive forward jointly with residents, businesses and the voluntary and community sector many interventions which will support the delivery of our ambitions.

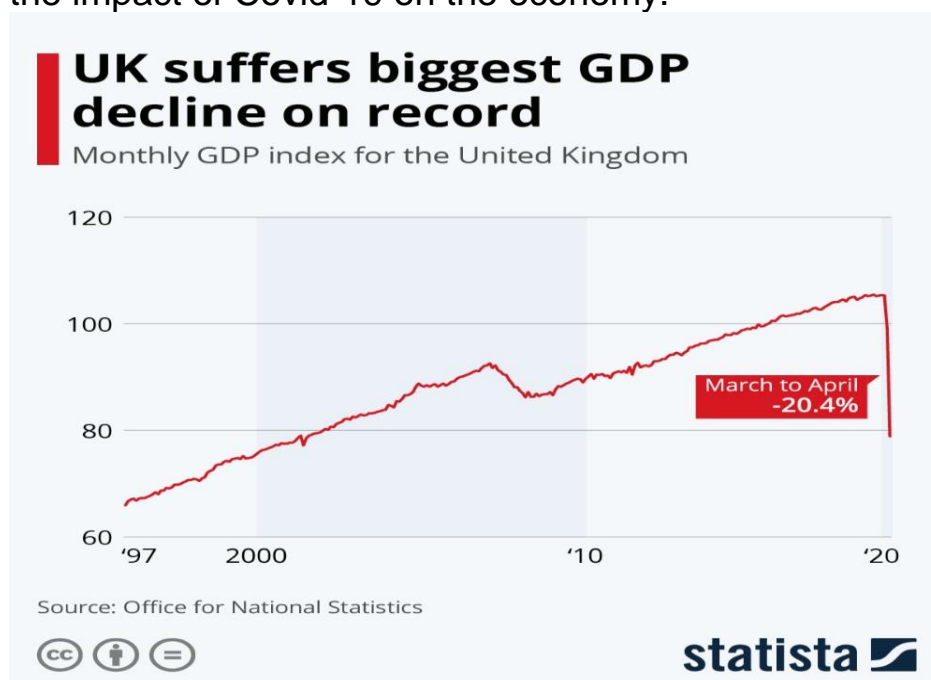
3 BACKGROUND AND MAIN CONSIDERATIONS

Background

- 3.1 On 27 May 2020, the Emergency Committee approved the council's approach to the Recovery and Reset Plan. This set out the political, financial and social context within which the council will need to plan its recovery. The report stated that the development of the recovery plan will be driven by the strategic outcomes set out in Sandwell Council's Corporate Plan "Big Plans for a Great Place for the People of Sandwell", as agreed on 10 March 2020.
- 3.2 These priorities were shaped by our engagement with local people and partners on the borough's 2030 Vision. Our conversations with local people shaped our understanding of what is important to them:
- A warm, affordable and secure place to live (will be aligned with social recovery ideas)
 - A good level of income to make ends meet and the skills to take advantage of job opportunities (will be aligned with economic recovery ideas)
 - An attractive, clean place to live within a thriving, supportive community (will be aligned with physical and environmental recovery ideas)
- 3.3 The Economic and Social Impacts of COVID-19 in Sandwell are already severe. Sandwell currently has the lowest gross disposable household income (GDHI) per head at £13,359, and at 0.11 per thousand the lowest number of high-growth firms in the West Midlands. Compared to the UK and West Midlands averages Sandwell also has a lower productivity rate, and a higher percentage of lower skilled workers. Research suggests that places with higher entrepreneurial activity recovered faster during the upturn of the 2008 crisis. This makes the case for business support in Sandwell even stronger during downturns.
- 3.4 The Federation of Small Businesses in the UK expects some 25% of SME businesses to close in 2020. The centre for progressive policy has predicted a productivity drop of 36% of gross value added in Sandwell for quarter 2 in 2020. Many local businesses in Sandwell have taken large

hits in their turnover during the lockdown too, and it's likely that tens of thousands of Sandwell residents are on furlough. There is a risk that we might see spikes in redundancies in both August 2020 when the furlough intervention rate of government pay drops to 60%, and again in October 2020 when the scheme is due to end. After the 2008 Economic crisis unemployment in Sandwell increased by 8.8% or 12400 extra unemployed people, and people claiming Job Seekers allowance went up by 18.5%

- 3.5 The Business Register and Employment Survey based on analysis by the Institute for Fiscal Studies (IFS) has predicted a loss of 15,695 employee jobs in Sandwell correlating to 12.7% which is slightly below the job losses predicted for the both West Midlands region of 15.2%, and 18.2% of all employee jobs across Britain.
- 3.6 6.8% of people of working age (16-64) in Sandwell are self-employed which is around 13,818 people, and the self-employed have been identified as a particularly vulnerable group during the current crisis.
- 3.7 In context during the financial crisis of 2008-13 the biggest fall in UK GDP in a quarter was 2.5%, however over 2020 the OECD has estimated the UK will have a drop of 11.5% in a year in GDP. Currently many of our workers are insulated from the worst impacts of job and income loss because of the bubble effects of furlough. Given that 1 million businesses in the UK are using furlough, and that some 6.5 million employees and 2.5 million self-employed people are covered by this the biggest waves of the economic crash hasn't yet arrived.
- 3.8 The Office of National statistics have produced the graph below showing the impact of Covid-19 on the economy.



- 3.9 There has been a steep rise in the number of benefit claimants over the last two months. An additional 5000 people began claiming in April with another 3400 starting claims in May. Since January there has been an increase of 4.2% compared with 3.5% increase for the West Midlands and 3.6% increase for Great Britain. Despite an increase for the whole country, the increase in Sandwell has been greater and has widened the gap with national figures.

Out of work benefit – claimant count

Month	Sandwell Total	Sandwell %	West Midlands %	Great Britain %
Jan 2020	9,990	4.9	3.8	2.9
Apr 2020	15,215	7.5	6.0	5.1
May 2020	18,535	9.1	7.3	6.5

(Office for National Statistics Jun 2020)

Out of work benefit – aged 18-24

Month	Sandwell Total	Sandwell %	West Midlands %	Great Britain %
Jan 2020	1,930	7.2	4.9	3.9
Apr 2020	2,880	10.7	7.6	6.6
May 2020	3,685	13.7	9.7	8.7

(ONS Jun 2020)

From the data it is evident younger age groups have taken the biggest hit. Since January there has been an increase of 6.5% in 18-24 year old claimants in Sandwell, compared to an increase of 4.8% in the West Midlands and 4.8% increase in Great Britain. This age group has seen the greatest job losses nationally but the figures show that Sandwell young people have been more affected and this has now widened the gap significantly.

Support Provided to Date:

- 3.10 The Business Growth team (within Regeneration and Growth Directorate) have been integral to the Covid-19 response. In the first few weeks of the response, when it became apparent that PPE would be in short supply, the team led a successful PPE equipment campaign contacting 144 key businesses in Sandwell, of which 26 donated PPE to the council and 32

offered volunteer support to the Council. Subsequently, there was a council media campaign which resulted in thousands of PPE donations.

- 3.11 The team supported the Business Rate Team to promote the Council's message and delivery of Covid-19 Small Business Grants Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF) amounting to £51.2 million in grant support to 4,549 businesses to date.
- 3.12 The team have responded to over 881 incoming business enquiries for support and helped deliver an outreach-based exercise reaching 1,154 businesses to encourage them to apply for Covid-19 business grants. Since lockdown the total amount of engagements the council has had with business number over 5,552 interventions to our knowledge.
- 3.13 Through the Think Sandwell web-site the council has ensured that businesses have a reliable and up to date source of information in one place. This included information on government schemes such as furlough, grants, business loans and support for self-employed people.
- 3.14 In an order to understand local business needs an online survey was developed to seek feedback from local businesses on the impact of covid-19. Officers have also participated in business forums and maintained positive relationships with the Sandwell Ambassadors.
- 3.15 The Black Country ERDF Aim for Growth grants project has been reviewed to ensure it meets business needs post Covid-19.
- 3.16 We've continued to support community wealth building and inclusive economy albeit at a slightly reduced scale given the Covid-19 response work. This has included working with developers to ensure social value elements are developed and pursued coming through procurement major projects including the Midland Metropolitan Hospital, the Sandwell Aquatics Centre and some other developments. Ongoing we're looking to support our local supply chain working with developers to host virtual 'meet the buyer' events where local companies connect up with contract opportunities.
- 3.17 The team is currently focused on delivering the Discretionary Business Grants to those businesses that could not access grants through the Small Business Grants Fund (SBGF) and Retail, Hospitality and Leisure Grant Fund (RHLGF).
- 3.18 The approach to delivering these grants has been to reward, via additional points, those businesses that employ local people and do not employ people on zero contact, supporting businesses that are more aligned to social value.

- 3.19 The council are also supporting local businesses by seeking funding through ERDF to advise businesses how to open safely via the Opening High Streets Safely Fund.

Employment and Skills

3.20 Redundancy Support

- 3.21 The Councils employment and skills team are directly supporting individuals made redundant to find new employment opportunities. Services are being delivered remotely including information, advice and guidance, support with applications and job searching.
- 3.22 Intelligence is being gathered on the numbers of redundancies in the local area using employer engagement and resident enquiries. Information gathered will be used to develop a regional picture alongside available statistics. Any redundancies of more than 20 staff are reported directly to DWP.
- 3.23 The Black Country authorities have delivered redundancy task force approaches in the past, this will be replicated on scale to support local businesses and residents. Further referrals are being directed by the Black Country growth hub and business growth teams. The model includes referral to training provision to upskill and job brokerage support.
- 3.24 The West Midlands Combined Authority have a Rapid Response vacancy sharing initiative in place across the WMCA geographical area. This brings together opportunities identified by the Local Authorities and providers in the local area.

3.25 Apprenticeships

- 3.26 It is forecast large numbers of apprentices will be made redundant as part of the impact of the pandemic. The Education Skills Funding agency are working with apprenticeship providers to support the transition to a new employer should this happen.
- 3.27 Whilst apprenticeship vacancy numbers are down, there has been some 'growth' recruitment in sectors including Education and Health and Social Care. The Councils apprenticeship levy fund has been utilised to enable local employers to employ new apprentices and/or upskill existing staff.
- 3.28 In the Council a number of apprentices are working from home and continuing their apprenticeship qualification remotely. A small number

have had a break in learning which will result in an extension to contract to complete their qualification.

- 3.29 The government apprenticeship 'guarantee' is in development, the Employment and Skills team are part of the government consultation in developing the scheme which is likely to support 16-25 year olds into employment.
- 3.30 Training Provision
- 3.31 All face to face delivery of training was suspended at the start of the lockdown in line with government guidelines.
- 3.32 A menu of online provision is available as part of the Adult Education Budget for Unemployed and Employed learners including individuals who have been furloughed. Provision is available for most vocational sectors including virtual LGV driver training, warehousing, administration and digital skills.
- 3.33 Colleges have been delivering training provision online for their learners where possible. The re-introduction of learners will be staged with those being prioritised who need to complete practical assessments to complete their qualifications.
- 3.34 Work experience is currently not taking place in the Council or within businesses, schools are also not currently supporting work experience placements. The Council and Careers and Enterprise company are looking into the potential for virtual work experience technologies.
- 3.35 School leaver transition support
- 3.36 Connexions is providing 1:1 Freephone Support and Guidance to those Year 11 who request it, young people and parents can also request support with application forms and local labour market information including Skype evening calls.
- 3.37 Connexions has also arranged with all secondary schools/academies for the Pupil, Parents and Carers survey to go out to help with obtaining career intentions and September offer details. During June all parents of Year 11 pupils have been given the opportunity to have an 1-1 with a careers advisor which several have taken up.
- 3.38 The Employment and Skills team have been providing advice and guidance on apprenticeships for school leaver's and their parents.

Webinars for schools have also been delivered to provide interactive guidance and support.

4 THE CURRENT POSITION

- 4.10 The Business Growth and Employment and Skills teams have now began planning for the economic recovery. For Economic Intelligence we rely for a significant part on outsourced work provided by partners because we do not have the capacity or staff to do this in the council at present. Mostly this is via following the government updates at the Department for Business Enterprise and Industrial Strategy, intelligence from the (REDI) University of Birmingham Business School, the Black Country Local Enterprise Partnership, and the West Midlands Growth company; and communication and co-operation with the Black Country Chamber of Commerce, Federation of Small Businesses and Confederation of British Industry bodies in the West Midlands.
- 4.11 There is evidence to show that our most vulnerable communities including under 25's, lower skilled workers, BAME communities, and workers earning minimum wage or those on zero-hour contracts will be most likely to be hardest hit by the Covid-19 recession in addition to the self-employed with a reduced demand for their services due to reduced business and consumer spend.
- 4.12 Unemployment is increasing in Sandwell, however a large proportion of claimants early in the lockdown were self-employed who it is anticipated will be returning to work in the next two months. It is not yet clear from the numbers of those furloughed, how many will be made redundant. From July 2020 there is a requirement for businesses to make a 15% contribution to salaries which may result in redundancies. Equally, a number of businesses are reporting they anticipate making redundancies or will not be re-opening.
- 4.13 Young people are being disproportionately impacted by the pandemic, they are more likely to work in unstable jobs and vacancy numbers for apprenticeships and other employment opportunities have decreased. Universities are also offering more limited options for their provision creating a dilemma for many young people.
- 4.14 DWP have raised concerns regarding people aged 50 plus who are often disproportionately impacted during economic crises. Current figures do not show a disproportionate impact on this group, however unemployment trends will be monitored.

- 4.15 It is anticipated a high proportion of those made redundant will be at a higher skill level than traditional claimants therefore provision will need to be tailored to meet the need. This will also result in more competition for vacancies and has the potential to result in some individuals moving further away from the labour market.
- 4.16 Digital exclusion is a major barrier for residents wishing to engage with training/upskilling provision. Most platforms used require laptops/tablets and are not compatible on smartphones.
- 4.17 Mental health particularly anxiety has been reported as a fundamental issue for people in considering going back to work or starting employment.
- 4.18 Given the above it is even more essential that the Council continue to champion inclusive economy and community wealth building. An action plan is being developed to identify practical steps that can be delivered in the short, medium and long term.
- 4.19 Because the scale of this economic downturn is unprecedented there is a need for the Council to turn more attention towards supporting businesses and entrepreneurship and activities promoting employability and skills and must intervene to create new inclusive economy which will protect more livelihoods and help employers retain jobs through more progressive policies.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 Communication with, and engagement of, our communities will be key to the success of our recovery. We will engage with our communities, our businesses, our partners and our staff to ensure that recovery is designed and implemented with communities. Clear communications will underpin our journey to ensure everyone understands the plans and remains as safe as possible during changes to service provision.

6 ALTERNATIVE OPTIONS

- 6.1 None this report is for noting

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 None this report is for noting

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 None this report is for noting

9 EQUALITY IMPACT ASSESSMENT

9.1 It is likely that the economic impacts of Covid-19 could be more keenly felt in BAME communities.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 None this report is for noting

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 None this report is for noting

12 SUSTAINABILITY OF PROPOSALS

12.1 None this report is for noting

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 Any increase in unemployment is likely to have a detrimental impact on wellbeing across the Borough.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 None

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 To conclude, the Council has taken significant action to support the immediate economic response to Covid-19 including advising local businesses how to access government support.

15.2 The next step is to develop an action plan to support longer term economic recovery.

16 BACKGROUND PAPERS

16.1 None

17 APPENDICES:

None

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Interim Director Regeneration and Growth.

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Director Education, Skills and Employment