

Economy and Business Support Update

Summary and Recommendations

This report seeks to update the Board on the economic recovery from Covid and highlight to Members the publication of numerous reports and responses which influence the wider economic response to the pandemic.

This Board is invited to:

- i. Note the publishing of recommendations by the Advisory Group on Economic Recovery and Enterprise and Skills Strategic Board sub-group;
- ii. Agree COSLA continue to engage with implementation on the Youth Job Guarantee Scheme; and
- iii. Agree COSLA continue to engage with Scottish Government to ensure Local Government's role as a key partner in delivering the economic recovery from Covid-19

References

Previous relevant reports:

- Environment and Economy Board September 2019 - Climate Change and Future Economic Policy- Discussion Paper
- Environment and Economy Board December 2019 – Climate Change
- Environment and Economy Board February 2020 - Green Growth Accelerator
- Community Wellbeing Board May 2020 - Employability- COVID19 Response and Update
- Leadership Sounding Board – 18-6-20 – Local Government Economic Recovery Proposition
- COSLA Leaders – June 2020– Local Government Economic Recovery Proposition
- COSLA Leaders – July 2020 – Employment Response to Covid-19

Calum Lindsay
Policy Manager – Environment and Economy
COSLA
calum@cosla.gov.uk

September 2020

Economy and Business Support Update

Purpose

1. To update the Board on recent events in the economic response to the Covid-19 pandemic.

Current COSLA Position

2. Members will recall that, while there is an inherent uncertainty in the current situation, the following general principles were agreed at the last meeting of the Board as a starting point for recovering economically from the pandemic while continuing to work towards our longer term ambitions:
 - We need to maintain our overall goal of working towards achieving a zero carbon, inclusive economy. Fairness must be at the heart of our response given the disproportionate impact of the Covid-19 crisis on certain groups in society, the least well off and the most vulnerable.
 - This Board has already agreed to support the principles of a just transition to a net zero society and economy. For any transition to be fair it seems likely the burden of climate change adaptation and mitigation will have to be shouldered by those most responsible. This principle is now more important than ever.
 - We must focus on activities which will have the biggest contribution to achieving a zero carbon inclusive economy and society. From the perspective of this Board this could mean prioritising work on energy efficiency and related policy and on transport, but other areas will also need a keen focus e.g. waste and the circular economy. There will be other areas which will need a similar focus from other teams in COSLA.
 - Transport is an important sector in the short term as we look to ease the lockdown. We do not wish to see a rapid increase in car usage and congestion, but this is likely if people do not wish to use public transport. We will need to encourage a new travel hierarchy which emphasises the need for continued working from home where this is possible.
 - Digital investment, already an area of vital importance, will have renewed significance not just in terms of infrastructure and new technology but in how people can access online services. We must seek to close the digital divide once and for all.
 - No matter the economic impact of the current crisis our short and medium term response will be crucial to our longer term goals. Unemployment will rise and we will need to determine interventions which both aid people back into work but also stimulate the types of jobs that we need for the low carbon economy. No matter how successful we become in this aim, there will be some areas, sectors, people and groups that will remain disproportionately affected by economic and societal changes. How we provide support for people in this position will determine how fair, ultimately the new economy will become.

- This is now a time to push further to redefine our economic success criteria. We have already recognised that we need to develop a more rounded definition of what constitutes future economic success in the low carbon era, beyond measurements such as economic growth or gross domestic product (GDP). The National Performance Framework and the UN Sustainable Development Goals provide the basis to do this, and we now have an opportunity to put this into practice in policy terms.
 - We must also continue to make the case that only an empowered Local Government will be able to respond successfully to the current crisis and make a valued contribution towards achieving a zero carbon, inclusive economy and society. We must not be afraid to take risks and must champion the devolution of power and responsibility as one of the main ways we can give communities more control at a time of potentially unprecedented change. This is also a route to ensuring that we take a place based approach to rebuilding the economy fairly and sustainably.
3. In addition to these guiding principles, and in response to rising evidence that the pandemic could lead to previously inconceivable levels of unemployment, Leaders agreed in June to the Local Government Economic and Employability Recovery Proposition, developed in partnership with SLAED and SOLACE. In summary, the proposition seeks funding and medium term commitment from Scottish Government to work with Local Government to mitigate the most damaging impacts of the pandemic on Scotland's communities. It is proposed that this can be achieved through a three pronged approach of enhanced business support, to minimise redundancies, job creation schemes in green industries, to create jobs for those who are made unemployed, and enhanced employability services, to ensure that those made unemployed are sufficiently retrained to access new jobs and prevent new barriers to those already furthest from the job market.
 4. Whilst making the case for the Local Government proposition, it is also important to be clear on the need for national and local partnership. Local authorities are already leading regional partnerships and we want to build on the effective collaboration with Scottish Government – in particular the formal employability partnership agreement - to complement what other agencies will be able to offer and to continue to work effectively with a wide range of local partners through our community planning arrangements. It is essential that the spheres of government work together to co-produce effective solutions ensuring our collective investment of resources effectively contributes to improving outcomes for individuals, businesses and communities. National enterprise and skills agencies will offer broad initiatives and advice most useful to those newly unemployed actively seeking support and this can be well complemented by more intensive support offered in local communities and led by Local Government through place based approaches, sensitive to the differing sectoral and regional impacts of Covid and the resulting effect on local economies and labour markets.
 5. In making the case for this proposition, engagement has been held between COSLA's Vice President and Environment and Economy Spokesperson and the Cabinet Secretary for Economy, Fair Work and Culture, as well as regular officer level meetings.

What is changing?

6. Since the Board last met, a number of groups have published findings and recommendations which are likely to inform the next steps of the economic recovery.
7. On 15th July, the Advisory Group on Economic Recovery (AGER) published its report on the economic recovery from the Covid-19 pandemic, which can be found [here](#). The report

reflected in its recommendations on the need for investment in digital infrastructure, and prioritisation and investment in green infrastructure to stimulate demand in the labour market and contribute towards net-zero and a renewed focus on place based initiatives. Emphasis was also placed on the need to prevent further widening of inequality in society as well as a focus on education and skills and employment to provide the focus of a whole system approach to economic recovery.

8. The AGER report made a total of 25 recommendations covering a wide range of sectors and issues relevant to the Local Government proposition and the Board's agreed principles for economic recovery. This report will not individually address each of these recommendations as work is ongoing between Local Government and key stakeholders to respond thematically to the economic recovery, however one recommendation we do wish to highlight to the Board is the creation of a Scottish Jobs Guarantee Scheme. The recommendation calls for a scheme, led by businesses working in partnership with local authorities and other agencies, and with the active support of Scottish Government, to secure employment for a period of 2 years to all 16-25 year olds.
9. Scottish Government appointed Sandy Begbie, Transformation Manager with Tesco Bank, to develop an implementation plan for the Job Guarantee for Young People. COSLA officers and wider stakeholders from Local Government have met with Mr Begbie to discuss the principles of the scheme, the role of Local Government in helping to deliver the scheme and potential issues which must be overcome for the scheme to be a success and future meetings are planned.
10. The Enterprise and Skills Strategic Board (ESSB) also reported its recommendations to Scottish Government, which can be found [here](#). Those focused on assistance to employee retention; assistance for those facing redundancy; training for the unemployed to transition into employment; and helping vulnerable people into work.
11. In addition to these specific responses to the Covid pandemic, the Infrastructure Commission for Scotland published its Phase 2 Report on 27th July, which can be found [here](#). The report contributes further to the evidence for building a net-zero carbon, inclusive economy and enabling sustainable places and details how infrastructure and construction can help to achieve this, even against the crisis created by the pandemic.
12. COSLA, supported by SOLACE and SLAED, gave evidence to both the Advisory Group and the Strategic Board based on the propositions agreed with COSLA Leaders, stressing the importance of considering the impact of short term economic decisions on our long term goal of a net zero carbon, inclusive economy, the role of connectivity (both digital and transport) in building a more resilient economy, and the need for a place based response to the recovery to tackle the regional and sectorial differences of impact and Local Government's significant influence in local economies.
13. Subsequently, at the direct request of the Cabinet Secretary for Economy, Fair Work and Culture, COSLA wrote to the Scottish Government setting out how Local Government could and should play a significant part in planning and delivering on a range of the recommendations contained in both reports. Recognising the importance of an effective economic recovery across portfolios, the COSLA letter was signed by the Vice President Cllr Graham Houston, Cllr Steven Heddle (Spokesperson for Environment and Economy) and Cllr Kelly Parry (Spokesperson for Community Wellbeing). In the letter, our spokespeople set out how Local Government could provide leadership on immediate action areas relating to the ten priority areas identified in the Enterprise and Skills Strategic Board report.

14. On 16 July 2020, the Cabinet Secretary for Economy, Fair Work and Culture outlined a funding commitment of £100m in her statement to the Scottish Parliament. This initial response included:
- Job Guarantee for Young People – An investment of at least £50m for youth employment which includes a Youth Jobs Guarantee. An Implementation Plan will be produced for early August providing more detail and this will be produced in partnership with UK Government, local authorities, the third sector, trades unions and Skills Development Scotland;
 - Partnership Action for Continuing Employment (PACE) - The Scottish Government's initiative for responding to redundancy situations through providing skills development and employability support. Additional resources will be made available but it is unclear if this will be for the National Helpline and contact centre or for local partnerships. More information to follow via the ongoing PACE discussions. Delivery will be through existing structures;
 - National Retraining Fund – Investment in a new retraining offer (Transition Training Fund) focused on helping individuals in sectors where there is the greatest risk of job losses. This new offer will help people gain the skills they need to transition into new jobs in key growth sectors. Details have still to be provided but this was a recommendation in both advisory reports to Scottish Government. Delivery likely to be through Skills Development Scotland via contracted providers; and
 - Fair Start Scotland – This is the devolved employment support service launched in April 2018, delivered by contracted providers across 9 contract package areas which has been extended for 2 years with the last start on April 2023. This provides support for unemployed people with disabilities, health conditions and other barriers.
15. In addition to these announcements, and building on the formal partnership agreement, COSLA continues to work closely with Scottish Government and other agencies on the evolution of the No One Left Behind refocus for Scotland's employability services. COSLA will be asked to formally sign off the formal Delivery Plan in September 2020. Key strands of that work include re-purposing of existing programmes and funding from April 2021, the development of a single Shared Measurement Framework, an accompanying Communications Strategy and national governance arrangements. These changes will signal more responsibility and resource for local authorities to lead on employability work at a local level with an expectation of a whole system / person approach that benefits from close working with other local government services and local partners, including the third sector.

Business Support

16. Local Government has played a significant role in providing business support throughout this crisis. That has included information, advice and support from local economic development teams, the Business Gateway service and regulatory services such as Environmental Health and Trading Standards. Of particular importance was Local Government's role in channelling the grant support from Scottish Government to businesses, with Local Government receiving and processing almost 100,000 applications and distributing nearly £1bn in grants between the end of March and mid-July when the main grant support scheme closed. These efforts have been recognised and appreciated by Ministers.
17. Start-up enquiries in the first quarter have been fewer compared to last year but there has been a significant increase in enquiries in July with around 50% more than last year. The Business Gateway service had to quickly reconfigure workshops to become online webinars. In the first quarter this has resulted in more than double the number of people

making use of these services with 10,800 compared to 5,200 last year in the same quarter. This may be a combination of a desire for information and advice as well as an easier way to access the service.

18. While the number of attendees at start-up events was down on quarter 1 last year we have seen a significant increase in those attending growth and DigitalBoost events. This is perhaps driven by an increased demand from existing businesses for advice and a recognition that a more digital approach is a potential solution in these difficult trading circumstances. The demand for growth events is interesting as this mirrors anecdotal evidence that the pause in activity has meant that some business owners have had time to work on the business rather than in it and have recognised their growth potential. While the economic situation is dire, the silver lining in this situation is some businesses are seeing opportunities and it is increasing awareness of the need for SMEs to be more digitally savvy. The latter will be important in increasing their resilience as we move into the consequences of Brexit.
19. Recognising this the Scottish Government has provided an additional £1.5m of funding for the DigitalBoost programme this year, nearly doubling the scale of the programme. The details of the additional support this will provide are currently being negotiated with Scottish Government and a more detailed report will be presented to the Business Gateway Board on current progress. A report will be taken to Leaders at the end of September on this new development.
20. It is also important to note UK national level programme intentions. Economic recovery planning in Scotland clearly needs to take cognisance of UK wide measures. On 8 July the UK Government announced its Plan for Jobs and detailed a number of immediate measures. These are summarised in Annex A. These include the planned “Kickstart” scheme, which is being planned with DWP as the lead agency and will be delivered UK wide. DWP are currently and rapidly consulting on policy development and implementation. Scottish Government and Local Government are part of that and there does not yet to be a clear approach in mind, although there seems to be an acknowledgement of a different contextual landscape in Scotland and the need for any UK national scheme to complement Scottish activity.

Proposed COSLA Position

21. Scottish Government published their response to the AGER report on 5th August, which can be found [here](#). This response focuses on an economic recovery that builds a wellbeing economy and sets out actions across the following six themes with the intention of delivering a jobs-focused and socially just economic recovery:
 - Protecting jobs by supporting business recovery and sustainable green growth;
 - Creating jobs through business engagement and a partnership approach;
 - Supporting access to good quality jobs through employment, skills and training;
 - Boosting local job creation through resilient people, communities and places;
 - Creating jobs and a Just Transition through investment-led sustainable growth; and
 - Monitoring our progress and outcomes
22. On the same day Scottish Government also published their response to the ESSB sub-group recommendations, identifying the following themes:
 - Assistance to support business retention;
 - Assistance for those facing redundancy;
 - Training to enable unemployed people to transition into employment; and
 - Helping vulnerable people into employment

23. Both of these responses feature significant overlap with our commitment to Just Transition, agreed principles for economic recovery and the Local Government proposition. This demonstrates the significant progress we have made to date and we will continue to advocate for a significant role for Local Government in the economic response to Covid. We are working closely with Scottish Government and colleagues from across Local Government to continue development of the economic recovery to the pandemic.

Next Steps

24. As it is clear from this work there is a vast array of work on going on the differing aspects of the economic recovery from Covid, and more widely the transition to a net-zero carbon, inclusive economy. Key to our next steps will be establishing Local Government's role in all this, particularly with the additional impact of Brexit in the near future and the differing challenges across regions and sectors. A great deal of uncertainty remains and COSLA will continue to engage with a broad range of stakeholders to ensure Local Government is at the heart of the ongoing work

25. As a matter of priority COSLA, along with key stakeholders, will work with Sandy Begbie and Scottish Government to help influence the implementation of the Youth Job Guarantee Scheme. More generally we will continue to engage Scottish Government and press for appropriate resourcing for Local Government to enable its full part in the economic recovery from the pandemic.

Annex A

UK Government, Job Plan

- an increase in the Number of DWP Work Coaches in Job Centres
- an expanded Youth Offer – 13 week intensive work search for 18 – 24 year olds
- a Work and Health Programme Job Recovery Scheme – will provide personalised support for up to 6 months, to help 3 months plus jobseekers to re-engage with labour market, predominately voluntary, but option to mandate to provision
- a Job Finding Support Service - £40m across UK to fund additional capacity, helping recently unemployed people move quickly back into work, focussing on transferrable skills and how they might transition to a new employment sector where there are vacancies. Up to 3 months unemployed, job ready but may have to move sector
- Expanding Sector Based Work Academies – to work with employers and training providers to support claimants to move into new areas of work with recognised skills shortages
- an increase of £150m in the Flexible Support Fund
- Kickstart Scotland - 6 month paid work experience at NMW for age for 25 hours per week for 6 months for 18-24 year olds in receipt of UC deemed to be at risk of long term unemployment. It was noted this is a UK wide initiative likely to seek placements with public, private and third sector employers. Likely to be around 20,000 opportunities and eligibility criteria and delivery mechanism still to be worked out.