

COUNCIL
9 NOVEMBER 2020

Report of the Director of Regeneration and Policy

COVID-19: DERBYSHIRE DALES ECONOMIC RECOVERY PLAN

PURPOSE OF REPORT

To approve a post COVID-19 Economic Recovery Plan for the district of Derbyshire Dales, that links to the Local Plan and existing Corporate Plan and Economic Plan.

RECOMMENDATION

1. The Derbyshire Dales COVID-19 Economic Recovery Plan is approved.
2. Revenue costs be built into the draft budget for 2021/22 and Medium Term Financial Plan for consideration by Council in March 2021;
3. That a supplementary revenue budget for be approved for any immediate revenue costs up to £50,000 in 2020/21, to be financed from the Economic Development Reserve
4. Capital funding for the Matlock Bakewell Road redevelopment scheme estimated at up to £800,000 be built into the Capital Programme to be considered by Council in November 2020
5. The principle of District Council intervention in regenerating brownfield sites for housing and employment is adopted.
6. The Rural Economy Position Statement in Appendix 1 is endorsed.
7. From 1st to 31st December 2020, between 2.00 pm and midnight each day, parking in District Council pay and display car parks be free of charge.

WARDS AFFECTED

All

STRATEGIC LINK

'Prosperity' is highlighted in the Corporate Plan 2020-24 as a District Council priority due to low local wages and high local house prices. With regard to the recommendations in this report, the District Council specifically aims to: *Support businesses to encourage productivity, growth, and higher wage jobs in rural and urban locations;* and to *Promote investment to stimulate the economy of our market towns.*

1 BACKGROUND

- 1.1 The impact of the Coronavirus pandemic is widespread and ongoing. In the Derbyshire Dales, it has affected jobs, health, incomes, communities,

environment, public services and more. Members resolved at the Emergency Committee meeting on 11 June to develop a Derbyshire Dales Recovery Plan.

- 1.2 Since then, the response to the pandemic emergency has continued, as it has throughout the past eight months:
- Nearly £9.7 million in business rate reliefs (expanded retail discount and nursery discount) have been granted by the Council to 825 businesses.
 - A joint team across economic development, policy, finance, internal audit, transformation, customer support and Arvato has paid almost 3,000 Derbyshire Dales businesses approximately £33 million in COVID-19 business grants, with the aim of helping smaller businesses survive lockdown.
 - As part of this, the District Council has distributed £1.7 million of its £1.7 million Discretionary Grant Fund allocation, thanks to a concerted effort by a cross-departmental team led by Economic Development.
 - Since June, members of CLT have been engaging with the County Council and parish/town councils in Ashbourne, Bakewell, Hathersage, Matlock, Matlock Bath and Wirksworth to spend a £63,808 allocation of the Reopening High Streets Safely Fund.
 - A full report on these schemes will be brought to Members once they have concluded and financial audit is complete.
- 1.3 This report sets out a framework and initial action plan for the Derbyshire Dales Economic Recovery Plan. It seeks to support the sustained renewal of the district's economy. In doing so, it reflects upon the Corporate Plan 2020-24 (adopted shortly before the Coronavirus pandemic set in) and will fix the context for reviewing existing plans and strategies, including the Economic Plan and Local Plan. Of necessity, it will also pay attention to the District Council's resources, human and financial: both have been constrained by the impact of Coronavirus.

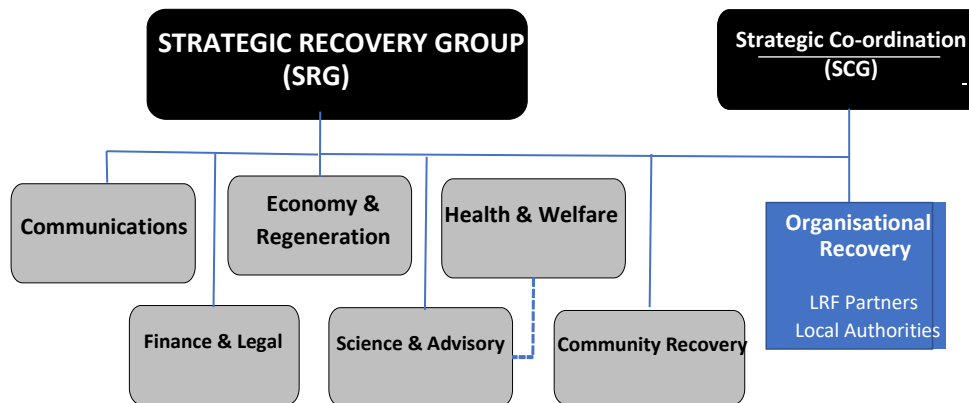
2 APPROACH

- 2.1 It is important to note that the District Council is not starting from a blank sheet of paper. Firstly, it has already undertaken much vital recovery work: re-opening public toilets, markets and leisure centres being perhaps the most visible, but by no means the only, steps that have been taken already. All have required financial intervention by the District Council. Second, there is much within the District Council's existing plans and strategies that is highly relevant to the Derbyshire Dales in the COVID-19 era. Within those already carefully researched and consulted plans, there might be some priorities to re-assess, but there will be a number of priorities and actions to continue, and some to reinforce, as well as new additions (as resources allow).
- 2.2 The District Council, as the principal place-shaping agency for the Derbyshire Dales, has a key role in leading the economic recovery of the district. The Emergency Committee on 11 June 2020 agreed to:
- 1) Conduct a rapid updating analysis of available data, to assess the resilience and impact of COVID-19 on different elements of the local economy, and to assess which elements might need more action to help stimulate a lasting economic recovery

2) Develop a Derbyshire Dales Recovery Plan, based on the recently-adopted Derbyshire Dales Economic Plan 2019-2033, underpinned by the economic assessment referred to in (1), that seeks to build a prosperous, sustainable economy. In doing so it would set out and prioritise both re-purposed and potential new interventions considered necessary, and what new resources are required to achieve these.

2.3 This work is not being carried out in isolation from that being undertaken in other agencies. Work has started at the D2N2 and county levels to plan for the recovery of the wider region. It is known from past experience that the needs of the Derbyshire Dales are unlikely to attract the highest priority in such plans. Despite best efforts from officers and Members, the Dales has in the past struggled to gain full potential from regional and county led activity. Nevertheless, the District Council participates fully in such activity and the Derbyshire Dales Economic Recovery Plan has benefitted from it.

2.4 The recovery 'architecture' in Derby and Derbyshire fits within the Local Resilience Framework, and comprises:

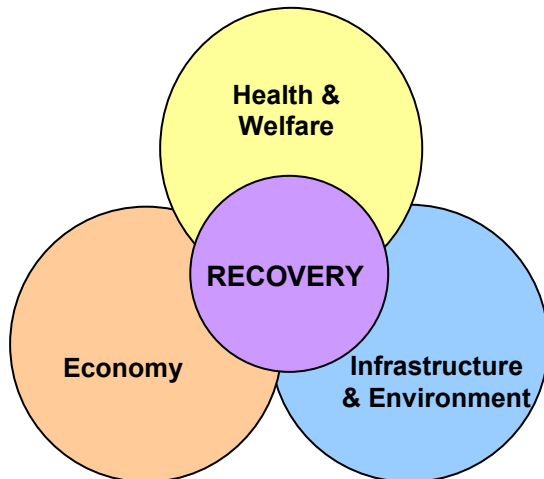


2.5 The Strategic Recovery Group is tasked to align recovery activity from COVID-19 in a way that makes the most of the opportunities that will come with new ways of living and working. Membership includes:

- County/City/District councils
- NHS England, and Public Health England
- Police, and Fire and Rescue Service
- Ministry of Housing, Communities and Local Government
- D2N2 Local Enterprise Partnership
- Peak District National Park

District Council officers participate actively in the Strategic Recovery Group and its sub-groups. Their work to date has been very helpful in shaping and informing this Derbyshire Dales Economic Recovery Plan. In order to help other agencies understand better the needs of the Derbyshire Dales, the Rural Economy Position Statement (Appendix 1) has been prepared, which Members are asked to endorse.

2.6 The Strategic Recovery Framework for Derby and Derbyshire uses the following model to illustrate that recovery encompasses social, economic and environmental considerations:



- 2.7 Although Coronavirus itself is primarily a public health issue, lockdown has meant that this is very much an economic and a social crisis. The economy will feature front and centre in the Derbyshire Dales Recovery Plan, because businesses and jobs mean incomes and wellbeing. It has been well documented that high quality jobs lead to better living standards. And COVID-19 has sharply highlighted the fact that poor living standards mean poor health and social problems. Therefore economic recovery is a key driver for social recovery.

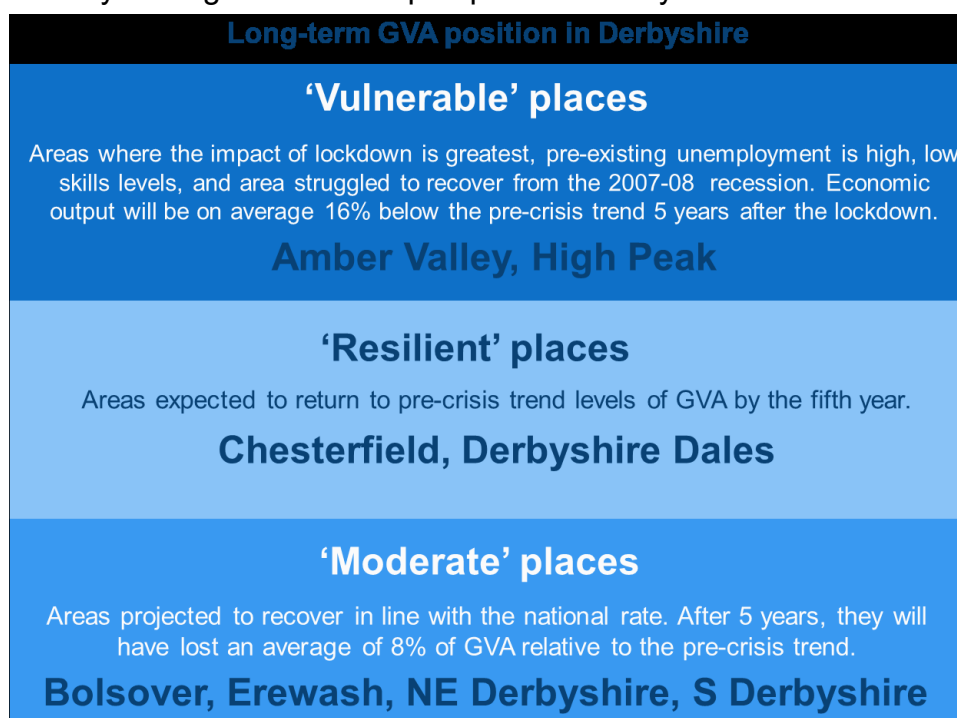
3 DATA ANALYSIS: IMPACT OF COVID-19 ON THE DERBYSHIRE DALES

- 3.1 An analysis of available data sources has been undertaken, in order to assess resilience and the impact of COVID-19 on the Derbyshire Dales economy, and to assess which elements might need more action to help stimulate a lasting recovery. The statistical evidence base is presented in detail in Appendix 2. Key findings are can be summarised as follows:

Economy

- 3.2 The Derbyshire Dales economy is characterised by a predominance of small and micro-businesses, many of which were unable to operate under lockdown. Medium and larger businesses, which are important employers in the Dales, have also been impacted to different extents. Those businesses that could trade saw falls in bookings, sales, cashflow and turnover and supply chain disruption. Whilst grants and furloughing protected employees in a number of firms, a phased end to the furlough scheme has started. The impact of COVID-19 on jobs and prosperity in the Derbyshire Dales in the medium to longer term is not fully known, but will not be insignificant.
- 3.3 At a national level, the initial Bank of England COVID-19 scenario predicted an annualised GDP decline of 14% in 2020, with a sharp 20% fall in Q2 (April-June) but then a bounce back in activity in the second half of 2020. More recent forecasts have coalesced around an 8.6% GDP decline in 2020 (Source: Derbyshire County Council). However, there remains a great deal of uncertainty about the future shape of the national economic recovery.

- 3.4 Derbyshire County Council has used existing studies to compile the following summary of longer term GVA prospects in Derbyshire:



Source: The Economic Impact of Covid in Derbyshire, July 2020, Derbyshire County Council Policy and Research)

- 3.5 *Conclusions.* Overall, the Derbyshire Dales economy has been assessed as having a degree of longer term resilience to the impact of COVID-19. However, ‘resilience’ is a relative concept, and the district is clearly facing a significant GVA decline and unemployment rise, partly in relation to the visitor economy. Nevertheless, **Derbyshire Dales is better positioned to push for economic recovery than many other districts.**

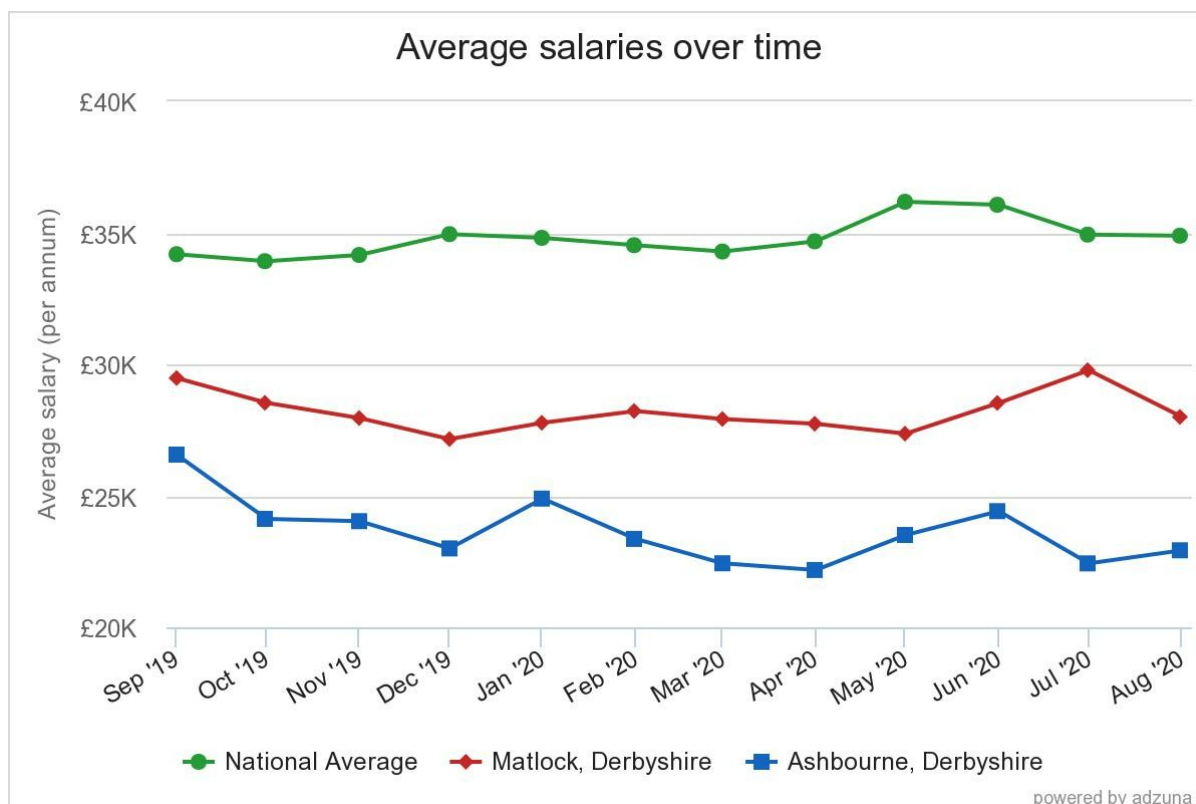
Jobs

- 3.6 Baseline economic data for the Derbyshire Dales is a helpful starting point. It presents a mixed picture. Skills levels are very high, and business survival rates are traditionally strong. However wage levels are low in the Derbyshire Dales.

Baseline economic data	D2N2	Derbyshire Dales
5-year survival of new enterprises	44%	49%
Skills Level 4 & above	33%	48%
Weekly workplace wages	£417	£376
Economically active	78%	84%
Business per 1,000 economically active	52	122
Self-employment	9%	16%

Source: Economic Plan, Council November 2019

The ongoing wage gap between the Derbyshire Dales and the rest of the UK is illustrated by the following chart, based on advertised salaries for vacancies:



Source: Adzuna labour market statistics, downloaded 7 September 2020

3.7 Manufacturing industry (in small and medium sized businesses) is a key employer in the district. Pre-pandemic, this was one of the Derbyshire Dales’ healthiest sectors, with expansion and job creation held back only by a lack of space locally to grow. Manufacturing has tended to provide higher quality (better skilled and better paid) permanent jobs for local people, particularly within firms engaged in more advanced manufacturing. During the pandemic, manufacturing remained moderately resilient. Anecdotally, some manufacturing businesses in the Derbyshire Dales restarted relatively quickly after lockdown; in one case with every employee being brought back from furlough by July, but the Council is also aware of firms that continue to face significant challenges.

Key economic sectors – Derbyshire Dales (see Appendix 2)

Sector	Derbyshire Dales employment % and no.	National employment %
Manufacturing	14.9% (5,075)	8.1%
Accommodation and Food	14.7% (4,750)	7.6%
Public Administration	8.8% (3,000)	4.3%

3.8 The visitor economy (accommodation and food) is another large employment sector in the district. However, pre-pandemic, this sector was characterised by lower wage, lower skilled jobs, often on part-time, temporary, casual contracts.

During lockdown, accommodation and food services were badly affected, with large parts of this sector temporarily closed.

- 3.9 COVID-19 has highlighted the vulnerability faced by the Dales economy owing to low skill, low wage visitor economy jobs. Not only were visitor economy jobs most affected by COVID-19; they are also not the jobs that will build prosperity. Sustainable economic recovery in the Derbyshire Dales means focusing on more resilient and value-adding sectors.
- 3.10 Data from the Coronavirus Job Retention Scheme shows that, at peak, 34% of employments were furloughed in the Derbyshire Dales (August 2020), similar to the UK (32%) and Derbyshire (33%). Figures from the Government's COVID-19 Self-Employment Income Support Scheme showed slightly lower take up in the Derbyshire Dales (73%), in common with some other rural areas, when compared to the national and Derbyshire take up of 77%.
- 3.11 Claimant count figures indicate that whilst the Derbyshire Dales saw the highest percentage increase in unemployment (133%) of Derbyshire districts at the start of lockdown, this was from a very low base (535 people in March 2020, rising to 1,245 people in April 2020). However, unemployment in the Dales at 3.6% in August 2020 remains the smallest in Derbyshire (average 5.0%), and D2N2 modelling expects it to remain the lowest in Derbyshire and Nottinghamshire.
- 3.12 Without more granular data, it is expected that many of the jobs lost were in the visitor economy. Indeed, modelling for D2N2 indicates that part-time, low-paid jobs were particularly affected by lockdown; these typify the visitor economy sector. Unemployment rises are likely to have affected younger people more than older people, which is of concern for the future sustainability of the economy. The Council will continue to promote both Government and partner support available to this group. However, it should also be noted that the Derbyshire Dales has the lowest proportion of young people in the workforce in the whole D2N2 region, and that unemployed older people sometimes struggle for longer than younger people to find re-employment.
- 3.13 *Conclusions.* The resilience of the Derbyshire Dales economy is in part due to its preponderance of small and medium sized manufacturing businesses, together with the levels of public sector employment in the district. As well as cushioning the economic shock from COVID-19, small scale manufacturing offers the Derbyshire Dales a positive route to economic recovery. **Growth in smaller manufacturing businesses, especially those engaged in higher value activities (and their supply chains), is a pathway to help lift employees into higher wage, higher skilled jobs.**
- 3.14 To grow SME manufacturing firms requires facilitating the provision of suitable sites for smaller businesses to expand, and work to achieve this should be a focus of the Economic Recovery Plan. **Given the Climate Change ambitions of the District Council, an emphasis on clean growth (low carbon industry) where possible should also be part of the Recovery Plan.** Given that key brownfield employment sites in the Derbyshire Dales are allocated in the adopted Derbyshire Dales Local Plan for mixed use (i.e. including both

housing and employment uses), facilitating housing as well as employment on such sites is a fundamental driver in the Recovery Plan. Specifying Use Class B2 (General Industrial) is important from a planning perspective in this regard.

Towns and infrastructure

- 3.15 The vitality of town centres is driven by a combination of factors. These include the disposable income of the local community, visitors, good digital connectivity, strong local business networks, and an immediate catchment which drives footfall and passing trade. National restructuring of the retail sector, influenced by the rise in online sales, means every town faces the challenges of declining high street spend and footfall.
- 3.16 COVID-19 has added to these challenges. Social distancing measures may impact profitability. Some customers, now accustomed to online purchasing and home delivery, may not return to high street retailers. The role and recovery of town centres will also be affected by the broader economy.
- 3.17 Major trends likely to be important in shaping the health of town centres include:
- i) A further decline of traditional town centre retail and move to online shopping (especially comparison shopping: fashion, electrical goods, etc.). However, smaller towns with fewer national retail chains and a more independent, locally distinctive offer may be less affected.
 - ii) A potential fall in demand for retail and office space as home working is mainstreamed by some employers. This decline in investment in larger city centres may, however, be less problematic in smaller towns with fewer offices.
 - iii) A rise in the importance of the local catchment and local services in smaller town centres. Local customers provided a lifeline for many shops during lockdown. Convenience shopping rose under lockdown, and could remain high if shoppers look more locally for day to day shopping. As a result, towns with a good residential community and walk-in catchment may be better placed to adapt. The smaller towns typifying the Derbyshire Dales have potential in this regard.
 - iv) An increasing reliance on technology. Retail and hospitality businesses have started to gear up for online shopping, click and collect, home deliveries, etc. Although this cannot wholly replace traditional walk-in custom, it is a trend that could well grow. Cash use also dropped significantly during lockdown, accelerating an existing trend. This will continue with more reliance on cards and devices for payment. Overall, town centre businesses will be increasingly reliant on technology, making broadband to premises and Wi-Fi coverage urgent and essential.
 - v) As retail changes, town centres will need to develop other uses to retain vitality. Additional town centre housing has been emerging in city centres in recent years, and may become the norm in smaller town centres too. Leisure activities can also help sustain footfall. Programmes of events on the street, when it is safe and possible to do so (as well as in parks) can increase footfall if planned and managed properly.
- 3.18 *Conclusions.* Thriving town centres require prosperous towns and communities around them, and to offer 'experiences' that encouraging visits and dwell time.

Therefore the support for more better-paid jobs across the Derbyshire Dales is required to support town centres. Thriving residential communities are also a pre-requisite for town survival. In order to support market town centre revival across Derbyshire, a joint **D2 Market Towns funding bid** between the districts and the County Council has been submitted to the D2N2 Local Enterprise Partnership. As well as including activity common to all districts (footfall monitoring and public Wi-Fi being examples), the bid includes a locally-specific scheme for each district.

- 3.19 The specific Derbyshire Dales scheme submitted is **Matlock's Bakewell Road redevelopment scheme**, as considered previously at the Community and Environment Committee (most recently on 21 August 2019) and Commercial Board (28 November 2019). A full business case for this scheme is being prepared for consideration by Council in the coming weeks. The scheme will diversify the town centre offer in Matlock by introducing a leisure attraction in the form of a small two-screen cinema, plus enclosure of part of the covered bus bay area to provide an ancillary commercial use – retail / Food & Beverage unit – to support project viability. The property holds a prominent position at the entrance to the town centre from the west, and the proposed scheme provides the opportunity to create a significantly enhanced entrance to the retail centre.
- 3.20 Members will recall that, because it is within the District Council's ownership, the underused market hall and adjacent bus bays at Bakewell Road represent the best and only realistic option for District Council engagement in a town centre redevelopment. Whilst details in the business case are yet to be finalised, it is inevitable that this scheme will require capital finance from the District Council. The capital funding requirement anticipated is in the region of £800,000, which at this stage Members are asked to note. Should the D2N2 funding bid be successful, the Council's funding requirement would reduce.
- 3.21 Further funding bids of benefit to the district being co-ordinated by the County Council include World Class Derbyshire Destinations (designed to improve townscape in visitor destination towns); and the Derwent Valley Corridor initiative (designed to improve transport and infrastructure in the Derwent Valley and including all communities in the Derbyshire Dales central area). Information on the latter has been requested from the County Council and any updates will be reported to the meeting.
- 3.22 It is recommended that the District Council's **December free parking after 2pm** offer is repeated again this year to help support local businesses during these difficult times. The free parking initiative was originally introduced in 2008 to help local residents and businesses during the global economic recession. The offer has continued each year since, and has been met with support from several sections of the community. This year, there is a balance to be struck between supporting local businesses, discouraging an overwhelming influx of visitors to our district during the pandemic, and protecting income essential to support District Council services. Therefore it is recommended that the offer is not extended beyond what has previously been made available. The recommendation is to again provide free parking in District Council pay and

display car parks from 1st to 31st December 2020, between 2.00 pm and midnight each day, to promote local shopping this Christmas.

4 REVIEW OF CORPORATE PLAN AND ECONOMIC PLAN

4.1 Growth in smaller manufacturing businesses is a pathway to help lift employees into higher wage, higher skilled jobs. Tourism jobs are typically characterised by low pay, casual contracts and part time hours: these are not the defining feature of the Dales economy now, and cannot be seen as the driving focus going forward. There is an opportunity now to put SME manufacturing front and centre of the Derbyshire Dales' recovery efforts.

4.2 In its report to the District Council in October 2019, the LGA Corporate Peer Challenge said:

The council should consider its own skills base and investment capability to promote jobs and business growth. The draft economic plan drives an ambitious direction at a time when site delivery and wider economic circumstances are challenging and suitably skilled staff are needed.

Once the new corporate plan priorities have been confirmed, there will be the need to further review capacity and skill requirements to deliver – “step up from enabling to delivery”

4.3 The Corporate Plan 2020-24 adopted in March 2020 includes the priorities and action pledges under the 'Prosperity' theme (listed below with updates as to progress at September 2020 annotated) that relate well to the recovery priorities brought forward in this report.

TARGET AREA	PLEDGE	UPDATE OCT 2020
Invest resources in developing key employment sites	Facilitating the development of Ashbourne Business Park and Phase 1 housing at Ashbourne Airfield	<ul style="list-style-type: none"> Work to commence on site 26th October 2020
	Pursuing funding to unlock employment land at Middleton Road/Cromford Road, Wirksworth	<ul style="list-style-type: none"> In progress
Promote investment to stimulate the economy of our market towns	Initiating a development scheme for the Bakewell Road site, Matlock town centre	<ul style="list-style-type: none"> Full Business Case to Council meeting in coming weeks
Support businesses to encourage productivity, growth, and higher wage jobs in rural and urban locations	Continuing to provide a high quality, free, 1:1 business advice service to small and medium sized businesses	<ul style="list-style-type: none"> Ongoing
	Launching the Derbyshire Dales Place Branding Initiative	<ul style="list-style-type: none"> Video currently being shot
	Complete a review of the Derbyshire Dales Local Plan	<ul style="list-style-type: none"> Council Report 9th November 2020 refers
	Support communities in developing Neighbourhood Plans	<ul style="list-style-type: none"> Ashbourne & Brailsford NP consultations underway

4.4 It is considered that the activities tabulated above relate well to the economic recovery needs of the Derbyshire Dales, and that in particular ‘Invest resources in developing key employment sites’ should be prioritised. It is suggested that this should include **prioritising regenerating housing and employment sites**, given the mixed-use nature of a number of housing and employment sites in the district, and given the need to strive to develop brownfield sites to take housing pressure off greenfield sites and provide new employment units – despite such sites not being in the Council’s ownership. This potentially could represent a shift from allocating sites to also facilitating delivery of sites, and as such would be a relatively new role for this District Council.

4.5 The Derbyshire Dales Economic Plan was adopted in November 2019, with the strategic aim that remains highly pertinent in the COVID-19 recovery phase: to develop

A resilient, higher value and more productive Derbyshire Dales economy

4.6 The priorities and actions in the Derbyshire Dales Economic Plan are:

PRIORITY 1: *Strategic Growth Sites & Infrastructure*

- **Delivery of Ashbourne Business Park and Phase 1 housing allocation at Ashbourne Airfield**
- **Pursuing funding to unlock employment land at Middleton Road/Cromford Road, Wirksworth**
- **Bakewell Road town centre development site, Matlock**
- **Continue to facilitate discussions between Homes England and private landowners**

PRIORITY 2: *Business Support to Enable Growth*

- **Deliver a high quality, free, 1:1 business advice service to SMEs**
- **Provide practical assistance to help growth companies access external grant and loan support**
- **Broker specialist support to enhance productivity and exporting**
- **Maintain regular business engagement inc. e-newsletter, events and Dales CEOs Forum**

PRIORITY 3: *Sector Specific Support*

- **Workshops on specialist areas e.g. Patents and IP**
- **Partner in exporting and supply chain events**
- **Promote take-up of partnership programmes and support inc. the DE-Carbonise Project**

PRIORITY 4: *Marketing the Derbyshire Dales as a Business Location*

- **Launch a Derbyshire Dales Place Branding initiative**

PRIORITY 5: *Skills & Workforce Development*

- **Encourage employers to utilise available workforce development and training programmes, influence providers to deliver support within the Dales and retain younger people in key local sectors**

along with six Strategic Growth Sites:

- Ashbourne Airfield Industrial Estate
- Middleton Road, Wirksworth
- Cawdor Quarry, Matlock
- Halldale Quarry, Matlock

- Riverside Business Park, Bakewell
- Bakewell Road, Matlock Town Centre

and a particular focus on three sectors:

- Manufacturing (esp. advanced activities and Food & Drink)
- Knowledge based/Creative and Digital Industries (CDI)
- Visitor Economy

4.7 It is considered that this prioritisation remains appropriate, in particular that **strategic growth sites and infrastructure should be the top priority and the six sites listed be the focus**. The **sectoral focus on manufacturing should remain, together with CDI**, and with the addition of **green and environmental engineering**. However as noted above, the visitor economy would not be a primary focus in the post-pandemic recovery plan (other than where higher value generating tourism can be stimulated).

4.8 Site development is a complex task, since with the exception of Bakewell Road Matlock none of the above sites is owned or controlled by the District Council. Some sites have high preparation costs associated with former uses (such as quarrying), presenting risks to owners and developers. The District Council's role with such brownfield sites will need to be enhanced, moving from allocation to direct facilitation in ways that de-risk development. This can be achieved by recruiting skilled staff to add to the existing team.

5 RESULTING ACTION PLAN

5.1 As **lead place-shaping agency** for the Derbyshire Dales, the District Council will (top priorities underlined):

- Invest resources in developing key employment sites, with Ashbourne Business Park being an immediate priority to provide workspace for manufacturing growth
- Re-invest in the Bakewell Road Matlock site to redevelop this town centre land that is owned by the District Council (business case in preparation)
- Increase engagement with strategically important medium sized and larger firms in the Derbyshire Dales, on a 1:1 contact basis at Director / CEO level, and via the Derbyshire Dales CEO Forum (Zoom meeting held 28 September 2020) to inform recovery planning
- Re-shape its Regeneration Services to drive investment in brownfield and other key strategic housing/employment sites, enabling businesses to relocate to and grow in our district
- Re-start place-based marketing with a Derbyshire Dales 'open for business' campaign to promote the area for economic investment
- Ensure the forthcoming review of the Derbyshire Dales Local Plan (and the studies and surveys commissioned in support of the Local Plan review) addresses economic recovery as a key theme, including residential and leisure uses in town centres, broadband investment, and clean growth
- Assist key businesses by considering use of Business Rates deferral / relief in certain hardship cases

- Consider with partners assessing the feasibility of establishing a Peak District LEADER-style business recovery fund, utilising annual Small Business Rate Relief receipts, to support growing small and micro employers
- Review the District Council's Procurement Strategy to increase local purchasing where it provides value for money and is not contrary to regulations

5.2 As a **partner in county and regional economic initiatives**, the District Council will work with neighbouring local authorities, the D2N2 Local Enterprise Partnership, Derbyshire Economic Partnership, East Midlands Chamber, Business Peak District, and Marketing Peak District and Derbyshire, to:

- Support roll out of the 'ShopAppy' scheme throughout the Derbyshire Dales to support the local economy by providing an online, place-centred local marketplace that enables customers to browse, book and buy local products and services with click-and-collect and home delivery
- Participate in the D2 Market Towns funding bid
- Participate in the D2 Derwent Valley Corridor funding bid
- Advertise the webinar programmes, run by East Midlands Chamber, D2N2 Growth Hub and by Marketing Peak District and Derbyshire, to support businesses as they re-open
- Lobby the Government to urgently establish the UK Shared Prosperity Fund that was intended to replace EU structural and investment funding post-Brexit, and ensure that it adequately supports rural and small businesses
- Work with the Derbyshire LRF Strategic Recovery Group, Economic Recovery Cell, to contribute to economic recovery planning across Derbyshire
- Seek, via Vision Derbyshire, the provision of a 1:1 business start-up service delivered through a network of locally based, generic start-up advisors (handholding, business registration, business plans, funding applications); access to a specialist advisors e.g. marketing, retail, HR, patents/IP; local networking events and flexible grant scheme available to new start businesses within the first year of trading. Developed with other Derbyshire authorities it is proposed that the two year programme is funded via funds remaining within the countywide Business Rates Pooling Fund
- Promote the Government's Kickstart programme to help young people into work, including active referral of companies with less than 30 employees to East Midlands Chamber as a local intermediary, and work with partners countywide to investigate the appetite for a virtual 'jobs fair'
- Promote greener recovery / low carbon growth opportunities drawing on external grants – including green tourism where this can deliver higher quality jobs
- Work with Jobcentreplus / DWP to identify support strategies / referral to IAG

5.3 Officers have consulted both Derbyshire County Council and the D2N2 Local Enterprise Partnership in developing this plan. As noted, countywide initiatives feature in the plan, and the District Council participates constructively and beneficially in such initiatives. The D2N2 Economic Recovery and Growth Strategy supports the plan, and includes propositions such as "Promote superfast broadband 4G and/or 5G for areas including the Derbyshire Dales", and "Our investments in transport infrastructure connect rural areas, towns and

suburbs into areas of economic opportunity; and low-carbon journeys within and between them are available and affordable.”

6 RISK ASSESSMENT

6.1 Legal.

This report does not in itself raise any legal issues. At this time the legal risk is considered to be low.

6.2 Financial.

The £9.7million of extended business rate reliefs, £33 million in COVID-19 business grants and £1.7 million Discretionary Grants Fund have all been financed by the government, who also gave a grant towards administrative costs.

Subject to members’ approval of this report, the revenue costs for the Derbyshire Dales COVID-19 Economic Recovery Plan will be built into the draft budget for 2021/22 and Medium Term Financial Plan for consideration by Council in March 2021. Members are asked to approve a supplementary revenue budget of £50,000 to address any immediate revenue costs in 2020/21, with financing from the Economic Development Reserve. The Economic Development Reserve currently has an uncommitted balance of £244,900.

Capital funding for the Matlock Bakewell Road redevelopment scheme is estimated at up to £800,000; this report seeks approval for a bid to be built into the Capital Programme to be considered by Council in November 2020. Should the D2N2 funding bid be successful, the Council's funding requirement would reduce. The project could be funded from reserves but will need to be considered at the November Council meeting alongside other bids for capital financing.

The financial risk is assessed as high.

7 OTHER CONSIDERATIONS

In preparing this report, the relevance of the following factors has also been considered: prevention of crime and disorder, equalities, environmental, climate change, health, human rights, personnel and property.

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ATTACHMENTS

- Appendix 1 Derbyshire Dales Rural Economy Position Statement
- Appendix 2 Data analysis evidence base

APPENDIX 1

THE RURAL ECONOMY AFTER CORONAVIRUS – POSITION STATEMENT FROM DERBYSHIRE DALES DISTRICT COUNCIL

The visitor economy (although important) is not what defines rural economies. **Small scale manufacturing and engineering is the lifeblood of rural economies** – absolutely so in Derbyshire and even more so in places such as the Derbyshire Dales. (For the record, 13% of employees in the Derbyshire Dales work in manufacturing, 7% in tourism, and 2% in agriculture and quarrying – ONS UK Business Register and Employment Survey.) The Derbyshire Dales has many thriving small manufacturing businesses: Buxoplas in Bradwell, for example, supplied equipment for the NHS Nightingale hospitals.

Manufacturing and engineering, along with quarrying, tends to offer high-wage, high skill, permanent, full-time jobs. By contrast, the visitor economy is typified by **low wage, low skill, temporary, casual, part-time roles**. Hospitality roles are important as starter jobs (e.g. evening/weekend jobs for teenagers) but they do not enable strong, sustainable economic recovery and growth. Visitors are of course important, but tourism is not the defining feature of rural communities, nor is it the way to lift rural incomes.

In the Derbyshire Dales, wages in some of our workplaces are amongst the lowest in England. The 2018 ONS Annual Survey of Hours and Earnings put pay in the Derbyshire Dales at £376 per week the 289th lowest out of 326 districts in England (median gross weekly workplace pay), and well below the £393 average for Derbyshire and £417 average for the East Midlands.

Better local incomes are key to make rural communities thrive; how else can local people afford the high cost of housing, with house prices inflated by migrants from neighbouring cities, whose work and spending is largely outside the rural communities where they sleep?

The driver of the rural economy is manufacturing and engineering. Smaller manufacturing businesses, workshops and other enterprises will be what drives the economic and social renaissance of rural districts. This is the route to help lift employees out of the deprivation that so often features in rural communities.

With this in mind, Derbyshire Dales District Council has five asks.

1. In order to help on smaller manufacturing and engineering firms that will drive rural growth, policy makers (LEPs and Government) need to **adjust their funding criteria to focus on smaller-scale activity**. LEPs are currently constrained by Green Book rules that prioritise big job creation ahead of small schemes that appear on these metrics to offer less value for money to the Government. These criteria need to change.
2. Some funding needs to be ring-fenced and devolved to rural areas themselves – decision makers in national and regional cities are badly placed to manage funding schemes that should and must give small grants to small businesses;

local schemes are needed. Therefore when the Shared Prosperity Fund is rolled out to LEPs, they must **set aside a fund for rural economic growth that is to be determined and managed in rural areas**. The best example of this is the former LEADER schemes, where a rural district is devolved relatively small sum (less than £10m) to be managed by a Local Action Group (rural business leaders and local decision makers) rather than managed by LEP HQ – local management means minimal bureaucracy and good rural knowledge. Grants are relatively small, with flexible intervention criteria. Previous successful rural schemes have seen an average £11,000 cost per job created; in urban LEP terms this is always going to look expensive (D2N2 look for a cost per job of £6,000), but for rural areas that is exactly what is needed.

3. Small businesses need small sites. In the Derbyshire Dales, we have small businesses keen to expand, but a lack of sites for them to occupy. In rural areas, unlocking small employment sites is essential. However, such sites often fall below the scale and value-for-money thresholds that LEPs are told to consider. Sometimes too, such sites have been paralysed by market failure and will never progress without state interventions that represent poor value-for-money. But in rural communities these are often the **ONLY** sites, and so regardless of value-for-money they must achieve state funding - or else these sites and the communities that surround them will remain underdeveloped. So **criteria for LEP funding of rural land/property developments need to be adjusted to give far more account to their local strategic importance and take less account of value-for-money**.
4. Better rural broadband and 4G/5G is also vital. The relative cost of providing fast broadband to the most isolated communities has sadly slowed down its provision – yet arguably these are the communities that need it most. Broadband improvements in the last decade have been greatest in the urban fringe and larger rural communities, but the most isolated rural communities still struggle to get decent speeds. Ironically, knowledge-based jobs are not city-dependent, and COVID-19 has shown these do not need to be clustered in urban hubs. While the suburbs have profited from homeworking, rural areas are less able to do so because of relatively poor broadband. So **ultrafast broadband installation in the most isolated rural areas must be prioritised**. Demand is numerically lower as people/businesses are more scarce, meaning that outer rural areas do not stack up commercially for Openreach when compared to more populated areas. But the strategic need is relatively greater.
5. Finally, back to the visitor economy. The visitor economy is part of the problem for rural areas (mainly offering plentiful poor quality jobs rather than plentiful high skill, high wage jobs); but it *could* be part of the solution. COVID-19 has shown the vulnerability of hospitality jobs, many of which have been swept away. Just rebuilding the same weak visitor economy is not the answer. Instead, any intervention in the visitor economy must focus on quality. Higher skilled, better paid, higher quality jobs can come from the visitor economy, but for that to occur higher visitor spend must be generated. This in turn depends on staying visitors. Day trippers who drive in and out in a few hours, spending a few pounds on a bag of chips and a cup of tea, are never going to generate rural wealth. Instead, overnight stays are vital – staying visitors spend on accommodation, sit-down

meals, and multiple attractions. How do we generate staying visitors? Two things must come together: **more, better quality accommodation (rural hotels); AND more, better quality rural visitor attractions**. We also need the local **tourism industry to come together to create, market and sell bookable packages** that bring these two together – e.g. cycling weekends based around quality local food and drink establishments; walking holidays using existing routes staying in accommodation that offers good food. The green agenda can be captured here.

To conclude:

In order to secure vital Government and LEP funding to grow the rural economy, **local rural strategic need must outweigh straight value for money in Government and LEP decision making**; on purely commercial grounds rural areas will never offer the same scale or gain as urban interventions. But **forcing rural areas to compete for economic funding on the same playing field as urban areas is not inclusive**. It excludes the large rural economy from growth.

In fact, rural business survival rates are typically higher than for urban businesses, and as we have seen the rural economy is as technological (manufacturing and engineering) as are cities. Rural business density is high, and the skills base in rural areas is strong. Writing off rural areas as merely play areas for tourists would be a crass error. We have rural manufacturing and engineering employers that are desperate to expand. What they need is modern workspace to grow into. We have knowledge based industries craving a rural environment, but they lack ultrafast broadband here.

Rural growth is being constrained by the slow pace of employment land delivery, alongside connectivity constraints exacerbated by relatively slow broadband.

By channelling Government and LEP investment to rural economies, we can offer economic growth and resilience. However, a failure to create more high wage, high skill rural jobs risks condemning rural areas to become, in a crude and probably unfair characterisation, homes for retired executives, with no local workers to support rural town centres. **Without more good quality rural jobs, people of working age will fall to below half the Derbyshire Dales population by 2033** (whilst over 60s increase by 43%).

Recovery post-Coronavirus is an opportunity to reset thinking and policy on the rural economy. Government and LEPs need to help rural areas create the **high wage, high skills jobs** that the COVID-19 crisis has shown rural areas need for resilient economic growth.

APPENDIX 2 DATA ANALYSIS – EVIDENCE BASE

A2.1 *Sectoral resilience.* Chesterfield Borough Council has carried out economic analysis, using Office for National Statistics and Office for Budget Responsibility data. It has established the following categorisation of economic sectors as higher, middle or lower resilience to COVID-19 impacts. The categorisations are general: not all businesses in the higher resilience category will be 'highly resilient'. Rather, the definition applies to the sector as a whole, with businesses in the sector generally being more resilient than those in sectors classified as middle or lower order resilience. Equally, there will be some highly resilient businesses in lower resilience sectors.

Sector Resilience to COVID-19		
Higher resilience	Middle resilience	Lower resilience
<ul style="list-style-type: none"> • Financial & Professional Services • ICT • Health & Social Services • Education • Public Admin 	<ul style="list-style-type: none"> • Retail • Wholesale/Vehicles • Manufacturing • Utilities/Waste Services • Transport & Storage 	<ul style="list-style-type: none"> • Construction † • Admin & Support Services • Leisure & Recreation • Accommodation & Food Services • Other Services

Source: Chesterfield Borough Council, June 2020

A2.2 Applying this categorisation to Derbyshire Dales' business sectors provides a view as to the resilience of the local economy, relative to the national average, in the table below:

Derbyshire Dales Economic Resilience			
Sector	Derbyshire Dales employment % and no. *		National employment % **
<i>Higher Resilience</i>			
Financial & Professional Services	7.0%	(2,400)	13.9%
ICT	2.4%	(780)	4.2%
Health and Social Services	8.8%	(3,000)	13.2%
Education	7.4%	(2,500)	8.9%
Public Administration	8.8%	(3,000)	4.3%
Total	34.4%	(11,680)	44.5%
<i>Middle Resilience</i>			
Retail	8.8%	(3,000)	9.3%
Wholesale / Vehicles	5.0%	(1,700)	5.8%
Manufacturing	14.9%	(5,075)	8.1%
Utilities / Waste Services	0.7%	(250)	1.6%
Transport and Storage	2.6%	(925)	4.8%
Total	32.0%	(10,950)	29.6%
<i>Lower Resilience</i>			
Construction †	3.7%	(1,350)	4.7%
Admin and Support Services	3.7%	(1,175)	9.1%
Leisure and Recreation	5.9%	(2,150)	2.5%
Accommodation and Food	14.7%	(4,750)	7.6%
Other Services	2.1%	(725)	2.0%
Total	30.1%	(10,150)	25.9%

* Source: NOMIS, BRES 2018, ONS September 2019, extracted 10 June 2020

** Source: Chesterfield Borough Council, June 2020

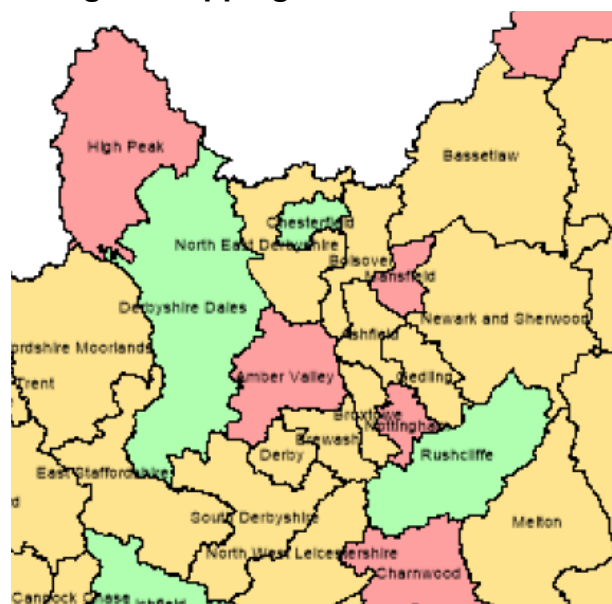
- - highlights sector employment representation above the national average
- Note exclusion of agriculture and quarrying from local ONS data (employing between them 3% of the Derbyshire Dales workforce, or 945 employees).
- † D2N2 research is now indicating that Construction is more resilient, at least in the medium term. D2N2 is starting to see the Construction sector pick up quickly, after an early dip especially amongst sole traders.

A2.3 Modelling that ranks districts according to the economic impact of lockdown is at <https://www.progressive-policy.net/publications/which-local-authorities-face-biggest-immediate-economic-hit>. This puts Derbyshire Dales (39% loss of GVA) slightly worse than the national 35% loss. It suggests that South Derbyshire (48%), Amber Valley and Bolsover (44%), Erewash (43%) and High Peak (42%) will in the top 50 worst-hit districts nationally. Therefore the impact of COVID-19 on the Derbyshire Dales economy, whilst significant, is somewhat less than the impact on the rest of Derbyshire.

A2.4 However, perhaps in recognition that accommodation and retail food services are particularly badly impacted by lockdown, an analysis of tourist areas at <https://www.theguardian.com/society/2020/apr/27/uk-tourism-hotspots-could-face-worst-of-post-lockdown-job-losses> suggested that Derbyshire Dales would have some 33% of jobs at risk, amongst the highest in the country.

A2.5 The Midlands Engine has mapped economic resilience systematically. Its analysis suggests that Derbyshire Dales and Chesterfield are the only 'resilient' economies in Derbyshire. All other Derbyshire districts are classed as 'moderate' or 'vulnerable' (Midlands Engine Economic Observatory, 5 June 2020).

Midlands Engine mapping of economic resilience



A2.6 *Furlough.* Government data on uptake of COVID-19 economic measures is also helpful. Data from the Coronavirus Job Retention Scheme showed that 34% of employments were furloughed in the Derbyshire Dales (August 2020), similar to the UK (32%) and Derbyshire (33%).

CJRS Furloughed employments by country, region and Local Authority *			
County and district	Employments furloughed	Eligible employments	Take-up rate
United Kingdom	9,601,700	30,353,200	32%
East Midlands	696,700	2,206,100	32%
Derbyshire County	120,300	362,300	33%
Amber Valley	19,700	57,500	34%
Bolsover	11,500	36,600	32%
Chesterfield	14,700	46,400	32%
Derbyshire Dales	10,400	30,100	34%
Erewash	19,100	53,400	36%
High Peak	13,800	42,600	33%
North East Derbyshire	14,300	44,400	32%
South Derbyshire	16,800	51,300	33%

* Source: Coronavirus Job Retention Scheme official statistics, HMRC 21 August 2020

A2.7 *Self-employed.* Figures from the Government's COVID-19 Self-Employment Income Support Scheme showed slightly lower take up in the Derbyshire Dales (73%), in common with some other rural areas, when compared to the national and Derbyshire take up of 77%.

SEISS statistics August 2020 by Local Authority *					
County and district / unitary authority	Total potentially eligible population ¹	Total no. of claims made to 30/6/20	Total value of claims made to 30/6/20 (£)	Av. value of claims made to 30/6/20 (£)	Take-Up Rate
United Kingdom	3,402,000	2,604,000	7,576,000,000	2,900	77%
East Midlands	218,000	166,000	477,000,000	2,900	76%
Derbyshire County	36,600	28,000	78,600,000	2,800	77%
Amber Valley	5,600	4,400	12,200,000	2,800	78%
Bolsover	3,300	2,600	7,200,000	2,800	77%
Chesterfield	4,200	3,300	8,500,000	2,600	77%
Derbyshire Dales	4,600	3,400	9,800,000	2,900	73%
Erewash	4,900	3,800	11,100,000	2,900	78%
High Peak	4,800	3,700	10,100,000	2,800	76%
North East Derbyshire	4,800	3,700	10,300,000	2,800	77%
South Derbyshire	4,300	3,200	9,400,000	2,900	75%

* Source: SEISS official statistics, HMRC 21 August 2020

A2.8 *Unemployment.* Claimant count figures are also helpful. The table below shows yearly and monthly changes in Universal Credit and New-Style Jobseekers Allowance combined for Derbyshire districts. It indicates that whilst the Derbyshire Dales saw the highest percentage increase in

unemployment of Derbyshire districts at the start of lockdown, this was from a very low base. Unemployment in the Dales remains the smallest in Derbyshire, and D2N2 modelling expects it to remain the lowest in Derbyshire and Nottinghamshire.

Claimant Count by Local Authority Area *					
District / City	Apr-19	Mar-20	Apr-20	Increase on Month	Increase on Year
Amber Valley	1,600	1,810	3,145	73.8%	96.6%
Bolsover	1,060	1,235	2,250	82.2%	112.3%
Chesterfield	2,025	2,075	3,255	56.9%	60.7%
Derby	4,760	5,875	8,545	45.4%	79.5%
Derbyshire Dales	435	535	1,245	132.7%	186.2%
Erewash	2,045	2,055	3,525	71.5%	72.4%
High Peak	960	1,165	2,390	105.2%	149.0%
North East Derbyshire	1,110	1,280	2,360	84.4%	112.6%
South Derbyshire	820	1,125	2,135	89.8%	160.4%

* Source: DWP North and East Midlands State of the Group Report May 2020

A2.9 *Welfare*. The greatest social impact of the pandemic is thought to be on younger people. However, the Derbyshire Dales population is characterised by older people. In the Dales, the proportion of the population aged over 70 (20%) is in the highest decile of all 339 local authorities (i.e. the Derbyshire Dales has amongst the highest proportion of people aged over 70 out of all local authorities).

A2.10 Derbyshire Dales' proportion of localities in the worst deprived 10% nationally (on health deprivation and disability measures) is in the lowest decile of all 339 local authorities (i.e. the Derbyshire Dales has amongst the lowest levels of health deprivation and disability).

A2.11 On other measure, the Derbyshire Dales has relatively low numbers of homeless and rough sleepers, and low number of overcrowded households (Source: Institute for Fiscal Studies Briefing Note BN296: The financial risk and resilience of English local authorities in the coronavirus crisis, June 2020).

A2.12 *Social housing construction* supports the economy in several ways and given that the District Council's affordable housing programme delivers on average 72 homes per year (with total investment close to £10m), maintaining this performance is key in the recovery period. In particular:

- Every home built creates 2.4 jobs (Source: LGA)
- £1 million spent on new housing provides work for 19.9 workers for a year (Source: MHCLG)
- 1 construction job supports 0.78 jobs in the supply chain (Source: MHCLG)
- £1 million income to public agencies from every 400 homes built via New Homes Bonus and Council Tax
- Using local contractors or sub-contractors 'keeps the Derbyshire Pound in Derbyshire'

- Even just a handful of affordable rural homes have an impact – affordable rural homes keep services open by securing customers and a local workforce. They sustain family and support networks, reducing isolation and loneliness. Research by English Rural HA found that for every £1 invested in an affordable rural home it generates a wider value of £6.50 for the local community and economy

A2.13 The District Council is also leading on several projects that will support recovery including:

- The Council Housing programme, which includes both new build and the renovation of empty homes. The contract specifications seek to achieve the use of local contractors in the development and maintenance of the council houses where possible. Amending the business plan to include more empty homes would help SME construction companies to engage in the council housing programme and help support the supply chain within the construction sector
- The Council has already invested £100,000 in a local external wall insulation programme for 11 homes and proposals are in development for a further 25 homes to be improved in a 2nd phase later in 2020/21 with a contract value of approx. £250,000. This proposal safeguards 87 jobs and creates 6 new jobs and 9 apprenticeships in the energy retrofit sector and supply chain. It reduces carbon emissions by approximately 5,383 lifetime carbon tonnes, tackles fuel poverty in 104 low income households, supports housing estate regeneration in our market towns, and includes investment for an off gas village. The total project is worth just under £1m and we should hear on the 28th September if we have been successful.
- The Heritage Lottery Fund project for Hurst Farm has already seen £72,000 of investment for phase 1, focusing on studies and consultancy services in preparation for the Phase 2 bid which will bring a further £1m to Matlock. The construction works will see a new accessible path built in and around the woodland area that surrounds Hurst Farm, linking the heritage sites and further promoting the area as a visitor destination.

A2.14 *Homelessness* can make it harder for individuals to find a job, stay healthy and maintain relationships. The Council supports households by allocating over 300 affordable homes each year and preventing households from becoming homeless. The Council service will continue to work with housing associations to ensure available properties are let and maintained effectively.

A2.15 Derbyshire Dales District Council housing grants support three main advice agencies: the Citizens Advice Bureau providing a generic debt and advice service; Adullam Housing Association providing support to younger households; and Age UK, providing an independent housing advice service to older households. In 2019/20 these services collectively supported 381 households, generating £261,326 in new financial gains and affecting debt of £754,565. Clients of these services will typically be vulnerable and often unemployed, in low wage/low skill jobs or retired. Helping people to both attain and maintain a stable tenancy is critical to finding and sustain employment. These services also support households with volunteering opportunities,

access to training and applying for jobs. Subject to the ongoing allocation of external grants, the Council will continue to fund these vital services as part of the wider COVID-19 recovery plan.

- A2.16 *Air quality.* Early analysis of air quality results across the district suggests that during the height of lockdown the level of air pollution relating to traffic dropped to approximately 45% of its pre-lockdown average. As lockdown eased levels began to increase again. In July (the last month for which we currently have figures) the average level was around 70% of pre-lockdown average.
- A2.17 The figures available are:
- Pre-lockdown average = 30 ug/m³
 - Lockdown = 13 ug/m³
 - July = 21 ug/m³
- A2.18 The Local Government Association has analysed jobs in low carbon and green energy sectors, estimating requirements to achieve net-zero nationally and per local authority area.
https://lginform.local.gov.uk/reports/view/lga-research/estimated-total-number-of-direct-jobs-in-low-carbon-and-renewable-energy-sector?mod-area=E07000035&mod-group=AllDistrictInRegion_EastMidlands&mod-type=namedComparisonGroup
- A2.19 Derbyshire Dales falls into the lowest quartile of this analysis, with amongst the fewest estimated direct jobs in low-carbon and renewable energy sector (1,167 jobs by 2050) of all English single tier and district councils. The LGA work, which is merely a long-horizon prediction, estimates that many of these will be in solar energy, nuclear energy, insulation and heat pumps. It does appear to miss potential jobs in community hydro and other local energy schemes. New analysis has been commissioned by Midlands Engine.