REPORT TO EXECUTIVE

Date of Meeting: 2 June 2020

Report of: Chief Executive & Growth Director

Title: Exeter's Recovery Plan

Is this a Key Decision?

No

Is this an Executive or Council Function?

Executive

1. What is the report about?

This report outlines the work that is being progressed to produce a recovery plan as the city emerges from the crisis stage of Covid-19.

2. Recommendations:

2.1 That the Executive approve the draft recovery plan and support the work of council officers providing leadership and support to the recovery initiative.

2.2 That progress be reported back to Executive, in particular the role the city council could play in the recovery programme through direct interventions in support of the Liveable Exeter housing programme and the council's own development company Exeter City Living.

2.3 That Executive note the Liveable Exeter Place Board will be requested to adopt the Plan on behalf of the city as a whole.

2.4 That Executive note that officers of Exeter City Council are leading the work on the recovery plan and will continue to provide support to progress the individual work streams.

3. Reasons for the recommendation:

3.1 Faced with the prospect of the worst recession in living memory the city council should take steps to support a co-ordinated response to the challenges the local economy will face. Businesses will require a range of responses to cope with the immediate challenge of social distancing.

3.2 The Liveable Exeter Place Board brings together all the major organisations in the city as well as private and voluntary sector figures. It allows for frank and candid confrontation of the issues they face in a manner that supports collaboration through a common purpose. The issues involved with a recovery plan for the city are broader than the city council and will benefit from being adopted by the Place Board.

3.3 Other recovery plans will be produced at a strategic level but these will not be place-based and sufficiently fine-grained as to be effective at city level. From past experience the city will need to respond at pace and at the local level. There will be issues that are best progressed at a strategic level and alignment with other recovery plans will be desirable. The City Council will also be working on its own internal recovery arrangements.

3.4 The council's finances will limit the work that can be done in support of the recovery programme. During the previous recession the council was able to fund interventions in the public realm and invest in events and city centre activities. The income loss we are experiencing will be a severe challenge but Exeter City Living and the Liveable Exeter Housing programme may present opportunities for direct interventions that support the housing market. It would be good to understand the extent of this potential.

4. What are the resource implications including non-financial resources.

4.1 The council's financial position has considerably worsened in the short term owing to both the restrictions in place and the impact this is having on our income and also the additional expenditure required to provide both new and existing services at this time.

4.2 As a consequence, therefore, the report does not request Councillors to commit additional funding at this stage.

5. Section 151 Officer comments:

5.1 There are no financial implications for the council to consider in this report. Members must bear in mind the council's financial position when considering the council's own response.

5.2 The latest return to Government highlights a projected £10.4 million shortfall against which the Government has provided £1.37m in grant. This sets out the scale of the challenges facing the Council over the next few months.

6. What are the legal aspects?

This report is for information and outlines the work that it is taking place in order to produce a recovery plan. Legal issues will be addressed in the context of the recovery plan as it moves forward.

7. Monitoring Officer's comments:

This report raises no issues for the Monitoring Officer

8. Report details:

8.1 The country is in the midst of a profound economic shock, potentially the deepest in 100 years. The short-term impacts of the Covid-19 crisis are severe and will be felt in different ways across geographies, sectors and demographic groups. Numerous reports have been prepared to try and understand the likely impact on the country, region and county. Headlines range from this could be the worst recession in over three hundred years for the country, to potentially over 120,000 jobs could be lost in Devon.

8.2 Devon County Council is working on its recovery plan, as is the Heart of the South West Local Enterprise Partnership (LEP). Indeed there is likely to be a Russian doll approach to recovery plans. The characteristics of these recovery plans are that they are strategic, and because they cover a large geography with a particular rural character it can be challenging to identify at the level of the city how precisely they fit with the needs of the city. However, the advantage of those recovery plans is their geographical scale and the prospect that national government may pay attention to some of the messages they convey and the scale of investment that is required for the South West. Frankly speaking the challenge for our LEP is that Government is fixated on city regional mayors.

8.3 It starts from the basic premise that the character of the city's economy is different from the rest of the region, although there are clearly many urban and place-based issues in common with Plymouth. The recovery plan is rooted in the locality and seeks to assemble the key people and organisations in the city that are capable of providing a supportive framework around a body of work designed to make sure the important connections are made. We also know that a massive and coordinated effort, informed by local knowledge, will be key to minimising the economic damage and shaping the recovery. A successful recovery will require attention on a whole raft of measures.

8.4 We start from the basis that we have to help ourselves and not assume that government will solve our problems, although we should be mindful that there will be a number of asks that will need to be presented either directly through national bodies or indirectly through the LEP and its recovery plan.

8.5 We start from a position where we have recently agreed an Exeter Vision 2040, we have declared a climate emergency and a blueprint for a net zero Exeter 2030 has been published. We have published a transformational housing programme to build 12,000 homes in the city under the Garden Communities programme. We have been declared a UNESCO City of Literature, and we are pioneering whole system change through the Sport England Local Delivery Pilot. This is focused on resolving urban issues of congestion and health inequalities by promoting active lifestyles through behaviour change and active environmental design principles that promote walking and cycling in everyday life. The city's ambition and culture of collaboration is personified in the establishment of the Liveable Exeter Place Board.

8.6 Exeter has a role to perform on behalf of the region. Exeter is a key driver of the wider economy and has the opportunity to realise the ambition for the region to improve productivity and deliver great economic outputs. There is a danger that it will be seen as not needing the support others will require.

8.7 In a recent report by the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) looking at the total proportion of jobs at risk from the impact of Covid-19 by local authority areas concluded that six out of the 20 hardest hit areas in England and Wales (out of 370 local authorities in total) are in Devon & Cornwall. Exeter by contrast appears in the top 20 local authority areas least at risk. This reflects the fact that it has a larger than average proportion of (workplace based) employment in Information & Communication, Human Health & Social Work, Education & Professional, Scientific & Technical Activities – the sectors with the lowest proportions of staff on furlough leave.

8.8 As the city of Exeter is home to the Royal Devon and Exeter NHS Foundation Trust, two local authority offices, the University of Exeter and Exeter College and other public services, it is likely to fare better, in the short term at least, than other areas of the region with very low levels of public sector employment.

8.9 However, maintaining the city's recent economic performance can't be assumed, On the contrary there are significant challenges facing the city and the recovery programme has been designed to prioritise these areas.

8.10 Officers have been working with other leaders across the city to identify areas to prioritise for a recovery plan. This work has been led by the Exeter Place Board under the Chairmanship of the Vice Chancellor of the University, Sir Steve Smith. Members will be aware that the council approved the establishment of the board in July 2019 and that the board reports back to the Executive.

8.11 The city's recovery plan necessarily is place based and will be aligned with the work that is being done at county and regional level. Dave Bartram, Director, will be the lead officer for the recovery programme. Dave sits on the LRF recovery group and will align the city's work with colleagues at Devon County. The City Council officers also support the work of the Liveable Exeter Place Board. Richard Marsh is the lead officer supporting the Board and Chairman of the Board, Sir Steve Smith. Richard will convene the network of people that feed into the work streams. Dave Bartram and Richard Marsh therefore will be working closely to ensure there is one single recovery plan for the city and that it is aligned to the regional work. Exeter City Futures team will be working closely with the themes to provide support. Each theme will have a principal senior council officer supporting the work. Some work streams will be led by non-council members of the Place Board.

8.12 A number of themes have emerged as the areas of focus for the recovery plan, they are:

- Construction and development
- City Centre
- Visitor economy
- Transport
- Education
- Business Support
- Community wellbeing

Construction and development

8.13 House building and the real estate and construction sectors, which have been important contributors to regional growth in the recent years, are also badly affected. In the short-term, the difficulty of continuing to work with safe social distancing has closed many projects. The longer-term prospects are also uncertain as the sector, which is always vulnerable during downturns, may have to adapt lasting consequences of crisis caused, for example, by the near total collapse in the residential property market during lockdown.

8.14 House building is often the backbone of local economies, when house builders stop building, it impacts throughout the supply chain and confidence in the local economy. A large number of construction sites closed during the lock down. Many will now reopen but at reduced capacity in terms of construction rates. Many strategic sites may now look very different from a viability point of view as uncertainty begins to hit valuations. In simple terms the cost of opening up large sites with high infrastructure costs may create cause sites to stall. In previous recessions large sites have required national or regional funding to help address the upfront costs of opening up large sites. It is common in such situations for the development industry to ask for greater flexibility with planning permissions and payments on CIL and section 106 agreements. It is also common to see an immediate race to the bottom with developers seeking to reduce costs and reduce standards to improve margins.

8.15 Government pressure on local authorities to deliver housing numbers can work against local authorities trying to deliver quality. This is particularly the case with carbon goals. Design quality and all the principles set out in the Liveable Exeter vision can come under pressure when developer margins are under threat because of the economic backdrop.

8.16 The city will need to support the development sector. We need to develop a relationship with the sector that is supportive but also clear in our expectation of what good development looks like.

8.17 What is required is a long term vision (Exeter Vision 2040, Greater Exeter Strategic Plan, Liveable Exeter Transformational Housing programme, and Net Zero Exeter 2030) backed by organisations (Liveable Exeter Place Board) that are willing to work together to support the sector through these difficult times.

8.18 The City Council has a role in terms of the plan-led process, through its regulatory role, ie planning, environmental health etc, its asset base and willingness to work with developers, such as bringing forward land at Paris Street through joint ventures. It also has a direct interventionist role such as developing schemes directly through Exeter City Living. This is a role that could be increased. The Paris St/Sidwell Street development has the benefit of being on site, and a number of years working with partners, the City Council’s new bus station and leisure complex has significantly de-risked this wider development opportunity.

8.19 The city is fortunate in hosting a number of construction companies and regional offices that allows for continual dialogue with companies to address what is required to keep momentum going.

8.20 Development finance may become an issue and the work that has been done on the city development fund with the One Public Estate is timely and warrants evaluation and feeding into the work on the development working group.

City Centre

8.21 Access to finance may become an issue, as may the tensions between the city council generating income to support its general fund and doing what is best for the city. The city development fund proposal is now being modelled with funding from the One Public Estate. We will continue to explore the means to supporting our plans for investing in the centre and providing confidence for the longer term.

8.22 At the end of the last recession we successfully secured John Lewis and embarked on a leisure-led development of the Bus and Coach Station site. Throughout the decade the retail sector has struggled to address the challenges from the internet and new formats have emerged with a clear trend of smaller footprint stores (such as the Exeter’s John Lewis store), a flight from secondary centres and a concentration at regional centres. Secondary frontages have become home to services that cannot be bought on line. Cafes and restaurants became part of the leisure offering and the city centre became an experience, blending culture with opportunities to dwell longer. Over the last decade the city centre has successfully managed to diversify away from retail to more mixed uses: residential, restaurants and cafes, gyms, and educational institutions. The market catchment of the centre grew and became the dominant centre south of Bristol.

~~8.23~~ High streets like Exeter that have responded to the online shopping revolution by reshaping themselves as ‘destinations’ could struggle until the public is fully confident that social distancing is no longer required. It will be important for the city to make the connections between our institutions and the city centre. The role of our educational institutions in underpinning footfall and to give reasons for people to visit the centre is one such example. Likewise emerging opportunities to connect environmentally-aware independents and local food produce to the centre may provide a longer-term opportunity to diversify the model of the high street. Importantly the City Council has a long term interest in the city centre with considerable commercial assets in the centre and ambitions for improving the city centre with greater pedestrian-dominated spaces and redevelopment of some of our car parks.

Visitor economy

8.24 Data from BICS, collected between 23rd March and 5th April 2020, shows that 24% of businesses had temporarily closed or paused trading and around 0.3% permanently ceased trading. 75% were “continuing to trade”. The two sectors that reported the largest percentages of businesses as temporarily closing or pausing trading were in arts, entertainment and recreation (82% closed or paused) and accommodation and food services (81% closed or paused). In short, these sectors have pretty much shut down in response to the pandemic.

8.25 The culture and entertainment sector is particularly vulnerable to the impact of Covid-19. The city has developed a strong visitor brand in recent years, and visitor numbers to the city were rising. The ascendency of Exeter Chiefs, and provision of new hotels has added more layers to the city’s offer. The Cathedral has always been a significant draw to the city and the city centre, as has the RAMM, the canal and Quayside and the many aspects of this historic coastal city.

8.26 From the Northcott Theatre, to the Phoenix, and the national portfolio organisations that deliver nationally significant cultural offerings, all the visitor attractors are under severe pressure because of the impact of Covid-19. There has been timely support from Arts Council England and the government’s response. The relationship between the city centre and the cultural sector is vital, as is the sense of place and our very sense of what we require of a city.

8.27 The businesses will need support and will require the cultural partnership to chart a longer term view of how we get out of this crisis and build on our opportunities from the UNESCO City of Literature to embracing our rural and urban relationships, and growing environmental ambitions.

Transport

8.28 The Exeter local economy was hit hard by the collapse of Flybe. Exeter has a significant transport presence with GWR, Stagecoach and Exeter Airport being notable employers, it is also home to a significant logistical and car sales/service sector. Social distancing is a massive challenge to the airline industry, public transport and the ability to deliver commercial services where social distancing requirements may limit passenger numbers to 10% of capacity. This is an issue for the south west economy. Exeter has the largest employment travel to work catchment population in the peninsula with 470,000 people. It also has particular dimensions for institutions such as Exeter College which has a remarkable catchment draw that relies on train services from locations such as Axminster and Barnstaple bringing in students on a daily basis.

8.29 The immediate concern has been to support key workers getting to work, but as the lockdown is relaxed and more businesses open the demands on public transport will grow.

8.30 Transport will have short term impacts and potentially longer term lifestyle challenges for the city. In recent years we have been prioritising active travel, encouraging walking and cycling in the city. The Government is keen to make rapid progress in expanding active travel in support of opening up businesses. Social distancing will require changes to the footways, in some places they are too narrow to support social distancing in the city centre. Whilst this meets the objectives we have set for the city council, there are tensions with the messaging on public transport. The city has the second largest travel to work area in the country, the message the public is hearing is use the car. This will lock in behaviour that we have been trying to shift. But not everyone has a car, car sharing is ruled out because of social distancing, and therefore we need to come up with other solutions. DCC have proposed a number if immediate measures to assist with supporting greater numbers of people walking and cycling as we come out of this crisis. The measures require support and they point to what will be required to achieve our Net Zero carbon goal. Out of this crisis we have a unique opportunity to get on with the measures that assist our place shaping agenda and support the centre. However, business will be feeling vulnerable and it is imperative that monitoring and evaluation be built into the work that is being done. This will not be an easy balancing act.

8.31 It may be useful for us to consider the recovery plan in three distinct phases: there is the immediate response to the crisis to allow businesses to trade, and people to get on with their lives, this is period we are in, then there is the medium term as we move out of the crisis and a normality is returned, probably 12-24 months, and the long term. The needs of the city require us not to do anything that locks in behaviour that will be at odds with the longer term plans for the city.

Education

8.32 The impact on the university sector could be significant with the prospect of large numbers of oversees students no longer returning to study in the short term. The University of Exeter has lost over 15% of its population, due to students returning home. The University contributes massively to the economy of the city. The University was instrumental in playing a major part in getting the city out of the last recession with an extensive capital investment programme and increase in employment and student numbers. The large growth in its research funding also saw the emergence of local impact work supporting the growth of the innovation and science agenda for the city. The university underpins the service sector and hotels in the city. The University and College will continue to be massively important to the economy of the city and key anchors in constructing a recovery.

Business Support

There is work done through the Heart of the South West LEP and the local growth hub that provides advice to businesses across the region. This work is important in responding to local businesses, and the level of the city the business networks from the chamber of commerce to FSB and various professional groupings and sector focused activity such as digital, science and technology, all provide a supportive environment for our businesses to connect and develop links and gain some comfort from the issues that emerge. The city council has been a traditional anchor for co-ordinating and supporting such networks. The convening power of the city council and the institutions of the city is a key strength that must not be overlooked and it is fitting that this theme weaves through the focus on the other themes. In particular, the skills agenda as seen from the employer will continue to be both a short term and longer term consideration, especially given the challenges faced by our pupils and schools and the backdrop of the national economic picture. The city council has focused in recent years on inclusive growth and the development of the skills agenda. Inclusive growth has to be a guideline objective of everything we do.

Community Wellbeing

Exeter is a great place to live, but despite overall outcomes being good, there are hidden, and widening inequalities with some areas in Exeter amongst the 20% most deprived areas in England. There is a 15 year life expectancy gap between the most and least affluent areas in the city.

From the insights gathered through our analytical city approach we have identified 20 neighbourhoods (Lower Supra Output areas: populations of @ 1500) where residents face the greatest challenges. We can expect the negative economic and health impacts of COVID 19 to be felt more keenly in these communities in the short and the longer term. These are the communities who have the highest number of young people not in education or training; higher rates of families living on low incomes and people living with life limiting mental and physical health conditions. Our relatively small, but important Black, Asian and Minority Ethnic communities are over represented in these areas and all these groups face particular barriers to accessing information, services and resources. Therefore particular emphasis will have to be given to recovery in these neighbourhoods/population segments to mitigate the likelihood that they could fall beneath the radar if solutions are viewed at city population level.

The success of Exeter Community Wellbeing, established in partnership with Wellbeing Exeter[1], as our community response to the Covid outbreak, speaks for itself with thousands of individuals being successfully connected to assist and support each other during this challenging time. The co-ordination across the city has been possible due to the reach of the networks created and nurtured by the Wellbeing Exeter Community Builders and partner agencies over the last few years. We are well placed to build on the good we already have identified through the amazing network of community support right across the city. Vital to this is the development funding available from Sport England through the Local Delivery Pilot as well as new funding routes opening up. In order for this additional funded to be levered into the city it is critical that existing funding partners protect Wellbeing Exeter's core funding.

Prior to COVID, as in cities around the country there was a growing concern that anti-social behaviour in the Exeter city centre was on the increase. There are obvious signs of begging on streets in and near to the city centre and a growing perception of an increase in illegal substance misuse ranging from illegal drug dealing and taking to street drinking,

[1] Wellbeing Exeter is a city wide Asset Based Community Development social prescribing and community building system funded jointly by Exeter City Council; Devon County Council; Devon CCG; Exeter's Primary Care Networks and Sport England: delivered in partnership with a network of VCSE organisations co-ordinated by Devon Community Foundation.

unauthorised “busking–type” activity as well as rough sleeping in shop doorways, car parks, subways and in tents.

Concerns about this situation were being raised on a regular basis from multiple sources ranging from concerns for vulnerable individuals to fear of crime and antisocial behaviour. Many directly link street attached behaviour to homelessness but the reality is much more complex than this. It is vital that COVID recovery plans for the City Centre and its surrounds ensure that all areas are safe and social spaces for everyone and that services for people with complex needs are accessible, joined up and consistently and collaboratively engage with people in a supportive and assertive way.

We will bring forward plans to a leadership summit to develop a shared understanding of the complex underlying issues faced by Exeter’s street attached and generate a common purpose to collaborate across the whole system to co-design and implement sustainable solutions to entrenched problems.

9. The Council’s own priorities for recovery

9.1 In addition to the overarching, place-based recovery plan for the city, the council will also be focusing on a number of internal priorities to ensure support for communities and the effective recovery of its operations. The key areas are:

- Individual financial support
- Homelessness
- Council financial strategy
- Council reinstatement
- Organisational change

9.2 Updates on progress with these work streams will be reported to Executive.

10. How does the decision contribute to the Council’s Corporate Plan?

10.1 The Recovery Plan is critical for the delivery of the Exeter Vision 2040 and contributes to all priorities in the corporate plan.

11. What risks are there and how can they be reduced?

11.1 There are no specific risks to report. Risks will be assessed and monitored by the various recovery work streams.

12. Equality Act 2010 (The Act)

12.1 An Equality Impact Assessment will be undertaken to identify potential impacts and mitigation actions.

13. Carbon Footprint (Environmental) Implications:

13.1 All opportunities to advance and contribute to the blueprint for a net zero Exeter 2030 will be explored and this is a fundamental principle of the recovery plan, which will be addressed by all work streams. Exeter City Futures will be inputting into the various work streams as we aim to building back better, meeting our expectations for clean growth, ie., decarbonising the economy whilst continuing to grow the economy.

14. Are there any other options?

The City Council does not have to produce a plan. The LRF is working on a plan for the county. The Heart of the South West LEP is also producing a recovery plan.

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Local Government (Access to Information) Act 1972 (as amended)

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