
ECONOMIC RECOVERY PLAN UPDATE

1.0 INTRODUCTION

- 1.1 Members recently approved a high level economic recovery plan in June 2020 for the Argyll and Bute region in response to the Covid 19 pandemic. That June report indicated that this plan will be subject to frequent review as we look towards an economic recovery and the need to reprioritise our economic objectives and actions in light of the national economic recovery and the significant changes to our local economy as a result of the pandemic.
- 1.2 This report has therefore identified the main Scottish Government Recovery themes together with key Council actions linked to each theme together with an initial list of key partners contained in **Table 1** of this report. The report also looks at some of the initial economic and social impacts of the Covid 19 pandemic in Argyll and Bute which of course has also informed a number of our economic priorities and actions going forward at this time.
- 1.3 **Appendix A** of the report highlights the extent of current and committed economic projects that have been identified under each of the main themes and form a significant part of the Council's economic recovery in the short and medium terms.

2.0 RECOMMENDATIONS

It is recommended that the Business Continuity Committee:

- 2.1 Consider the contents of this report and approve the updated Argyll and Bute Economic Recovery Plan contained in **Table 1** and note the list of current and committed projects being taken forward in **Appendix A** subject to any comments they wish to make.

3.0 DETAILS

- 3.1 Members approved the high level Argyll and Bute Economic Recovery Plan at the June BCC and now as we head out of lockdown in accordance with the Scottish Government Road Map the economic recovery is starting to gain momentum with frequent updates to national recovery economic incentives and priorities.
- 3.2 The Council continues to follow the Scottish Government Road Map to recovery which plays a hugely significant role in how our local economy can re-open. We are also becoming increasingly aware of the economic and

social impacts of the Covid 19 pandemic and the places where we, working with our partners, need to take appropriate action mirroring the emerging Government economic themes but set within the context of Argyll and Bute.

ASSESSING THE ECONOMIC IMPACT

- 3.3 The biggest and most visible economic impact we have faced in Argyll and Bute has been in connection with our tourism and hospitality industries that form a major element of Argyll and Bute's private sector. Prior to Covid-19 the 2020/21 tourism season was looking very promising with significant bookings being reported back and while the industry faced some very real and ongoing challenges in terms of intense domestic and global competition, the future availability of staff and rising costs of operation, the industry looked set to expand further in Argyll and Bute. It would of course also have benefited from the amazing spring and early summer weather we enjoyed during lockdown. This changed almost overnight in March with many hospitality events having to postpone indefinitely, or cancel, together with the vast majority of tourism businesses having to close to all customers, with only a limited amount of emergency workers, or homeless households, being accommodated during this period.
- 3.4 It was not only the tourism and hospitality sector that suffered a considerable economic impact and loss of income. Many retail businesses also had to close and our food and drink industries, often with major links to tourism, were badly affected with the closure of international markets and commercial outlets for their products.
- 3.5 Another key sector in Argyll and Bute that was also shut down was the construction industry. This resulted in most works stopping on site, again almost overnight, and also slowing, or stopping committed processes, to deliver new projects that were in the agreed pipeline of delivery. We have already lost some building capacity as a direct result of the pandemic and while the sector has now started to operate again there still is a major concern over the restarting of supply chains sufficiently to service the construction industry and the many manufacturing businesses also slowly opening up again.
- 3.6 Another major consideration moving forward will be how our town centres will recover from the impacts of the pandemic as we already know that many local businesses have not, or will not, survive this extended loss of custom despite Government support.
- 3.7 Taking all of the above into account it is without doubt that Argyll and Bute has been hit very hard by the Covid 19 pandemic. The Council and our partners have distributed nearly £37m in business support grants to help sustain local businesses during this period. Many businesses have secured loans from the UK Government to secure business liquidity. There has been a substantial jump in the job claimant count with 3,500 people registered for job seekers allowances and 18% of jobs in our region have been furloughed through the UK Government scheme that starts to be phased out in August

and ending in October. While many people will hopefully return to their jobs it is anticipated that others will not be able to return as the business is no longer in operation or has downsized considerably to take account of the new economic reality that lies before us. It is therefore anticipated that many people will add to the claimant count and others may also have to move away from the area to find alternative work. It should be noted that the entire UK economy has been badly hit by the pandemic with a severe global recession now starting to emerge. How quickly it will recover remains a huge unknown at this time.

- 3.8 Consequently, economic recovery from the situation we now find ourselves in will take an enormous international, national and local effort sustained over many months and years. Collaboration is the key, together with additional fiscal and policy support at a national level to tackle the issues pertinent to each region of Scotland. The economic recovery in Argyll and Bute has already started in line with the Scottish Government's road map to recovery. Our local businesses are starting to operate again in our town centres and throughout Argyll and Bute, construction has re-started on many sites including our area regeneration, active travel and housing projects, manufacturing has re-started, visitors are returning to Argyll and Bute in good numbers and new funding has been attracted to assist with the recovery process.

NEXT STEPS

- 3.9 The BCC approved a high level economic recovery framework in June and this report aims to add additional detail on this including identifying the work already underway, or committed, to assist the recovery process. A key aspect of this previous report was to look at our economic strategy and what to prioritise at this time. Overall it is considered that the recently refreshed Argyll and Bute Economic Strategy, that closely aligns with our Rural Growth Deal remains a strong foundation for moving forward in terms of an economic recovery. New national economic themes have also emerged, and will continue to emerge as the impacts of the pandemic become clearer in the months ahead. This therefore requires us to re-align our economic priorities to these national themes within the context of our predominately rural local economy and the opportunities that still currently exist and are emerging.
- 3.10 The key Scottish Government themes are **People and Place, Infrastructure, Enterprise and Natural environment – Low Carbon Economy**. A number of key Council actions have been identified in **Table 1** of this report (see overleaf) together to help take these national themes forward locally together with identifying the key partners we need to collaborate with to ensure timeous delivery. It should also be noted that Covid now reemphasises the need to look after the well- being of employees, communities and our visitors.

Table 1

Argyll and Bute's Economic Recovery Plan			
	Objectives and Outcomes	Council Actions	Key Partners
People	<ul style="list-style-type: none"> • Getting people back to work safely including disadvantaged groups and remote rural communities; • Ensuring School, Higher and Further education leavers move on to education, employment and training; • Re-focus on community wealth generation activity; • Improve workforce skills to meet current and future demand including foundation and graduate apprenticeships; • Look to attract new people and business to Argyll and Bute. 	<p>P1 – Ensure the wellbeing of employees, communities and customers is carefully considered in everything we do;</p> <p>P2- Fully understand the economic and social impacts of the pandemic on local people and communities;</p> <p>P3 – Put in place employment support for newly-unemployed, under-employed and those facing redundancy including disadvantaged groups and remote rural communities;</p> <p>P4 – Monitor leaver destinations and work with partners to promote opportunities and careers to all young people leaving full time education during the pandemic with enhanced support for those most at risk of becoming NEET (Not in Education, Employment or training);</p> <p>P5 - identify critical skills gaps post pandemic;</p> <p>P6 - Progress Skills, Education and Training theme of the Rural Growth Deal and Assess workforce and skills;</p> <p>P7 – Secure social value opportunities from Council procurement activity.</p> <p>P8 – Develop a communication strategy that positions Argyll and Bute as a place to do business.</p>	<p>UK and Scottish Government; HIE, Scottish Enterprise; Argyll College – UHI; SAMs; Developing the Young Workforce; Employability; Skills Development Scotland (SDS); Argyll Economic resilience Forum; Third Sector Interface (TSI);</p>
Place	<ul style="list-style-type: none"> • Continue to invest in our Town Centres and our local communities; • Address fuel poverty and a lack of affordable housing including for key workers; • Continue to support cultural activity including film and TV locational work strategic events and 	<p>PL1 – Continue to implement Council's area regeneration programme of works;</p> <p>PL2 – Continue to bid for external funding to support all capital and revenue area regeneration activity that supports strategic priorities of the council and our partners;</p> <p>PL3- Implement Town and local Centre recovery plans;</p>	<p>UK and Scottish Government; Historic Environment Scotland (HES); Heritage Lottery; Creative Scotland; HIE; Scottish Enterprise; Argyll Economic resilience Forum including Chamber of commerce and BIDs groups;</p>

	festivals;	PL3 – Implement Strategic Housing Investment Plan; PL4 –launch Strategic Events and festivals fund; PL5 – Continue working with local communities to help them secure a sustainable economic future including asset transfer; PL6 –Continue working with third sector partners in securing and re-purposing cultural assets as appropriate.	Scottish Towns partnership; TSI; Third sector and community partners; Scottish Canals.
Infrastructure	<ul style="list-style-type: none"> Continue to lobby and invest in our critical infrastructure; 	<p>I1- Continue to lobby for an accelerated digital infrastructure investment by national Governments and private industry;</p> <p>I2 – Continue to lobby for transport investment through the STRP2 and the Argyll Rural Growth deal;</p> <p>I3 – Continue to attract external funding to address local infrastructure issues to help facilitate business expansion including Rural growth Deal;</p> <p>I4 – Expand existing and create new employment and business areas;</p> <p>I5 – Continue to lobby and secure improvements to our energy grid;</p> <p>I6 – Continue to develop and implement Council’s Capital Investment Strategy and Capital Plan to deliver road, marine, ITC, Council buildings, LIVE Argyll and Learning Estate that meets needs of our community and Council Services</p>	UK and Scottish Governments; Transport Scotland; CMAL; Hi- Trans; SPT; Digital Scotland; Scottish Futures Trust; VisitScotland; MoD;
Enterprise	<ul style="list-style-type: none"> To work collaboratively to minimise business failure; To progress the implementation of employment generating business sites; To support small and medium business growth; To look to restore and diversify local supply chains; To support the recovery of our key sectors including tourism, 	<p>E1 – Continue to implement national business support programme and offer clear advice and information to local businesses;</p> <p>E2 – to continue to lobby for continued business support, policy and fiscal incentives and ongoing economic recovery funding;</p> <p>E3 – Continue to participate in the Argyll Economic Resilience Forum and address emerging critical</p>	UK and Scottish Governments; HIE; SE; SDS;SDI; TSI; Argyll Economic Resilience Forum; VisitScotland;

	<p>hospitality, food and drink.</p> <ul style="list-style-type: none"> To raise the profile of the area as a place to invest in. 	<p>business issues;</p> <p>E4 – provide clear advice and information on social distancing requirements for local businesses;</p> <p>E5 – Implement an easing from lockdown officer group to enable businesses to adapt service delivery and enable expansion into appropriate public realm areas;</p> <p>E6 – Develop key sector recovery plans;</p> <p>E7- Take forward critical destination management marketing;</p> <p>E8- To identify and market our key investment opportunities;</p>	
<p>Natural Environment – low carbon Economy</p>	<ul style="list-style-type: none"> Address Climate change and greening of the local economy. 	<p>NE1 – Continue the work of the Council’s climate change board and Climate Change Environmental Action Group;</p> <p>NE2 – Examine opportunities to develop the hydrogen economy at a local level and the sustainable expansion of renewable energy generation;</p> <p>NE -3 Continue to lobby for and invest in our active travel networks;</p> <p>NE4 – To identify natural capital investment opportunities for communities and business;</p>	<p>UK and Scottish Governments; SNH; ACT; SUSTRANS; Paths for All; Hi Trans; SPT; ABRA;ALIE Energy; Local Communities;</p>

3.11 Work has already started on a number of these actions as part of the initial response to the pandemic and as we take forward the recovery phase of the pandemic. This includes, as reported previously in June, the work of the Argyll and Bute Economic Resilience Forum continuing together with progressing the Argyll Rural Growth Deal. Overarching all of the themes will be a requirement to fully recognise the need for an inclusive approach to economic recovery. It needs to embrace a community wealth building ethos to ensure that no one is left behind, including people suffering from multiple deprivation and living in remote rural communities that have their own particular needs. In addition, the critical need to ensure the wellbeing of employees, communities and customers has to be a top priority for a successful economic and social recovery.

3.12 Looking at Argyll and Bute Council’s portfolio of known projects they still continue to fit very well with Scottish Government economic priorities going forward. These projects have been identified in **Appendix A**. Some of the identified projects that are currently being implemented play a role in multiple themes as indicated in the tables included within **Appendix A**, and some projects/initiatives also have an impact across Argyll and Bute. It should be

noted that the projects listed are where the Council is taking a lead, is part of a National initiative impacting on Argyll and Bute, or where the Council is a key partner in the project, or has a direct financial interest. There are also many other projects being implemented in Argyll and Bute by other agencies of the public sector, through private sector investment and the third sector assisting in our economic recovery.

- 3.13 The total estimated capital and revenue invested in the projects listed in **Appendix A** is circa £242.5m and this will help sustain circa 6,498 jobs¹ in our area prior to the further roll out of any national and local economic recovery plans.

4.0 CONCLUSION

- 4.1 The Council continues to develop its plans for economic recovery in response to the Covid 19 pandemic. Our region has been hit very hard in terms of economic and social impacts in common with much of the global and national economy. In particular, the tourism and hospitality sector face a very difficult journey to return to the growth of visitor numbers it has enjoyed in recent years. Following an initial examination of our economic strategy it is still considered to be a strong foundation on which to build an economic recovery for the region. That said, there is a continuing need to re-prioritise our actions given the economic impacts we are currently facing and also to align with national recovery themes. The initial re-prioritisation including actions under specific themes of People, Place, Infrastructure, Enterprise and Natural Environment – Low Carbon Economy is included in **Table 1** of this report. There could also be some new economic opportunities for Argyll and Bute and we need to be alert to this at every opportunity including accelerating aspects of our Rural Growth Deal. This report establishes therefore our initial response to the situation we find ourselves in together with identifying some key actions that need to be taken. In addition a range of projects with Council involvement have been identified together in **Appendix A** together with their status. These projects have the potential to support circa 6,498 jobs and generate £242.5m of capital and revenue expenditure at a time when our economy needs it most.

5.0 IMPLICATIONS

- 5.1 **Policy** – None arising from this report.
- 5.2 **Financial** - None arising from this report
- 5.3 **Legal** - No legal issues
- 5.4 **HR** - This will need to be resourced from existing staff.

¹ Estimation of direct jobs based on employment coefficients derived from Scottish Annual Business Statistics Information, 2017, inflated to current prices.

5.5 **Fairer Scotland Duty:**

5.5.1 Equalities - protected characteristics: There are no equal opportunities implications.

5.5.2 Socio-economic Duty: It is intended that by implementing our economic recovery it will best support the social and economic needs of our communities across Argyll and Bute.

5.5.3 Islands: None arising from this report; the economic and social needs of our islands will require to be fully considered as we move forward.

5.6 **Risk** - There is a risk that if we do not look to our region's economic recovery now opportunities and assistance will be missed.

5.7 **Customer Service** - There are no customer service implications.

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