



Northumberland
County Council

Economic Recovery Update Jan 2020

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Key Economic Indicators: Overall Picture

The UK economy shrank



in April 2020

An OECD report predicts that investments in the UK could decrease by



Employees who reside in Northumberland have been furloughed

Northumberland saw a rise in unemployment claimants from March to April by

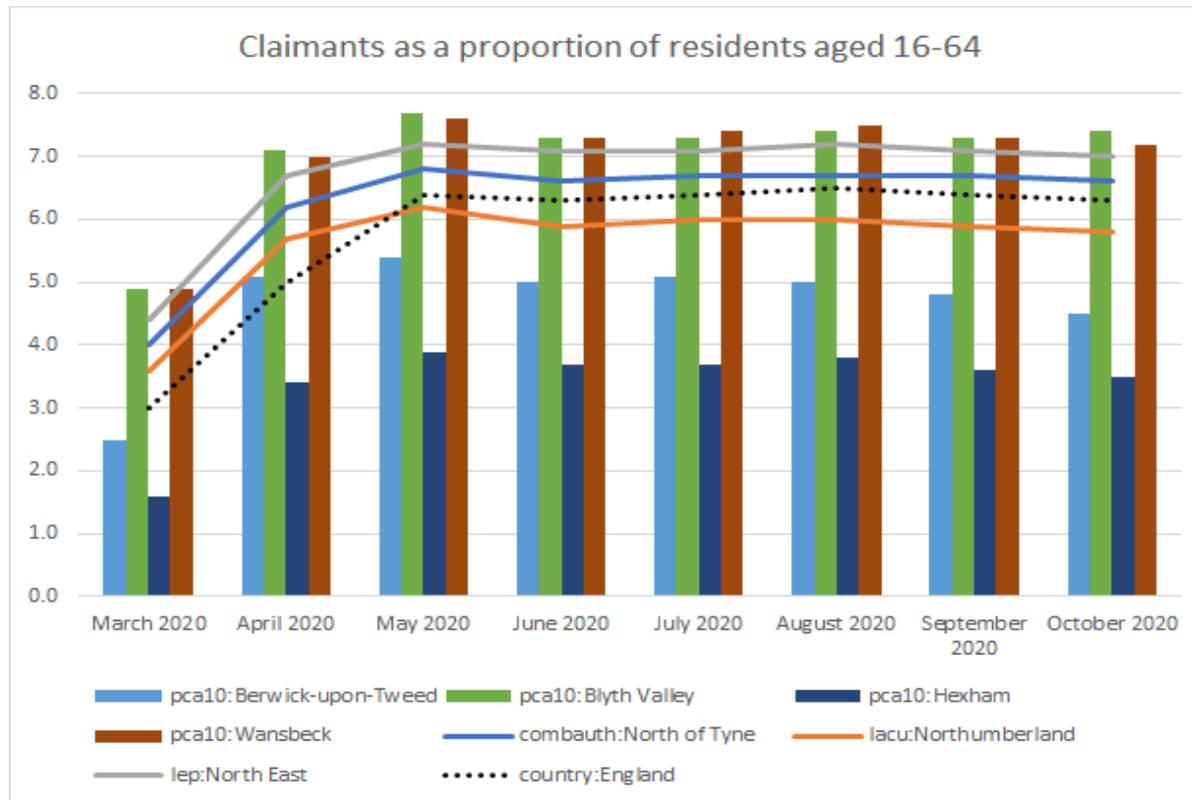


Lockdown could cause a decrease in consumer expenditure by



- A deep and complex shock ... with no straightforward recovery
- Unprecedented scale of Treasury intervention
- Exit from crisis will be tentative and phased
- Patterns of investment & economic activity unlikely to revert to previous
- This crisis is social, economic, cultural and emotional – affecting all of us.

Key Economic Indicators: Unemployment



In October there were 10,965 people claiming unemployment benefits in Northumberland. This is only a very slight decrease from September, but overall represents an increase of 62% since March 2020.

Just under 6% of the population aged 16-64 in Northumberland were claiming unemployment benefits in October.

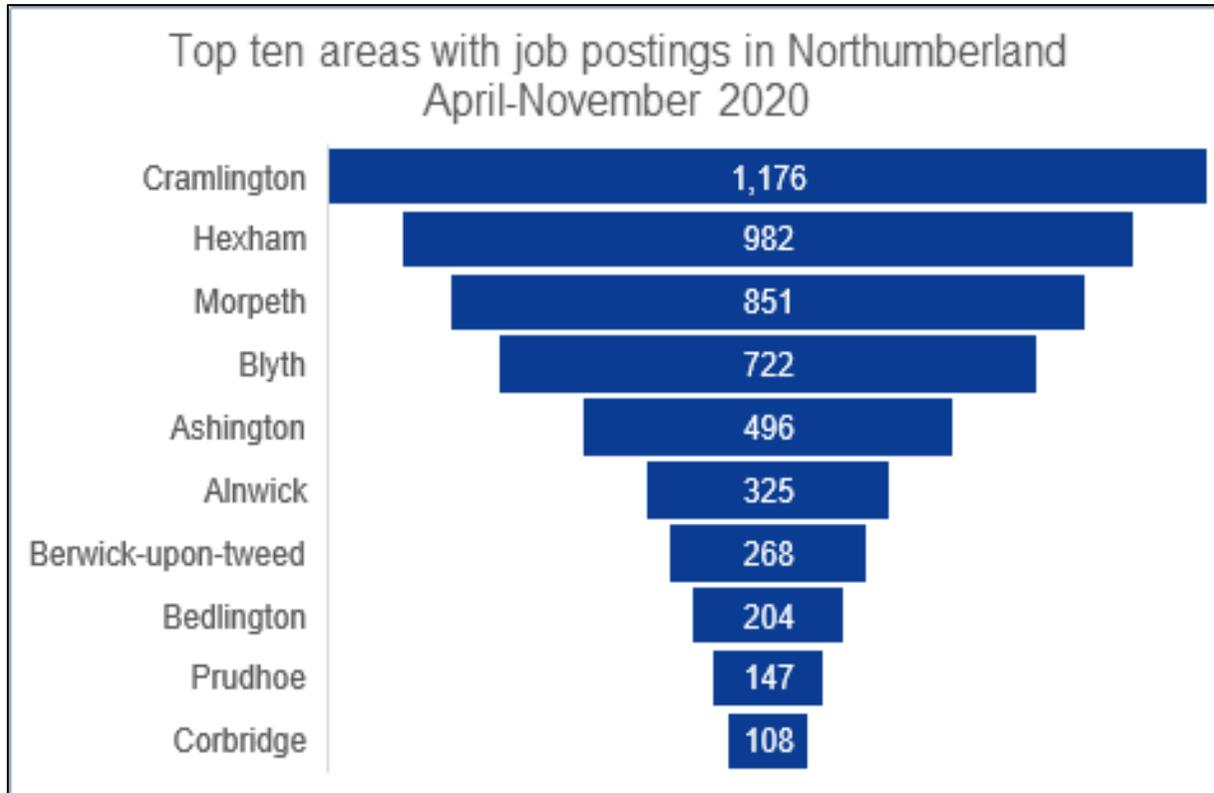
However, the number of unemployment claimants as a proportion of residents aged 16-64 in Northumberland remains lower than that in England, the North East LEP and North of Tyne Combined Authority regions.

Key Economic Indicators: Business Confidence

Of the businesses responding to the national government survey during the period 19 October to 1 November:

- 79% of businesses were trading and had been trading for more than 2 weeks,
- 2.4% had started trading again within the last 2 weeks,
- 3% had paused trading but intended to restart in the next 2 weeks,
- 13.4% had paused trading and did not intend to start in the next 2 weeks and 2% had permanently ceased trading.
- 83% of businesses in the accommodation and food service industry were temporarily closed or had paused trading.
- 76% of businesses in the arts, entertainment and recreation industry were temporarily closed or had paused trading.
- Of businesses currently trading, 49% experienced a decrease in profits compared to what is normally expected at this time of the year.
- 5% of businesses have no cash reserves, 25% had less than three months, 16% had between four and six months worth, 35% have more than 6 months worth and 21% were not sure.
- The accommodation and food services industry had the highest percentage of businesses with no cash reserves, at 7%.
- 28% of businesses had more staff working remotely because of the Covid pandemic
- 9% of the workforce were furloughed (full or partial)

Key Economic Indicators: Vacancies



There were 7,482 job postings in Northumberland for the period April- November 2020. This is only 3% less than the same period in 2019.

In October the unemployment to vacancy ratio was 8.5, in October last year this was 6.7.

Cramlington had the highest number of job postings between April and November (1,176); for the same period in 2019, Cramlington had 1,333 postings.

Recovery & Renewal: Overview

- Clear plan of investment to **drive economic growth**, the **recovery from Covid19** and ensuring **all communities benefit** from this growth
- Significant investment package delivering around **8,000 jobs** into our communities, as well as over **4,000 in immediate construction job**. It would contribute to Government's **net-zero targets**, further **sector deals**, and the **levelling-up** agenda though carefully planned inclusive growth; **increase UK % content** in offshore & grow manufacturing base
- We know that **rural & coastal areas have been hit harder** by the Covid19 pandemic due to reliance on tourism. As have more deprived communities.
- But there are significant opportunities in Northumberland to drive growth in areas of strategic importance to the UK and support recovery and growth, particularly **in clean and green energy, manufacturing and life sciences**, building on our **cultural and environmental strengths**, renewal of our **towns** and investment in our **places**.
- Investing in these strengths and priorities will **accelerate the recovery from C19**, level up some of the most deprived areas in the country and **contribute to UK growth and economic sustainability**.

Supporting Businesses:

- Extension of Furlough Scheme
- £1.1bn fund to councils (£20 per head for Councils to support businesses) to be used over 20/21 and 21/22;
- Local Restriction Support Grant (closed) - Grants up to £3k for business premises forced to close over the 4-week national restriction period in November (based on rateable value);
- Grant for businesses impacted by local restrictions to claim retrospectively from start of local restrictions; awaiting detailed guidance;
- Support for clinically vulnerable or extremely vulnerable people who cannot work from home – furlough scheme extended until end of national lockdown;
- Business Hub and Revs & Bens Teams prepared to support grant payments and provide advice and support;
- Continuing to work with the Combined Authority on business support and recovery.
- As before, we will have a role in getting these grants out to businesses and we are fully prepared to do that once we have the detailed guidance from Government on those grants.
- The Council acted swiftly to establish an effective grants process during the first lockdown and that is what we are aiming for as we move into this second national lockdown.

(i) Invest in the Transition to a New Economy

Clean Energy & Green Growth

- International assets at Energy Central Energy;
- Significant investment committed by NTCA & County Council in the sector
- Proposals for a £150m Clean Growth Accelerator Fund from NTCA
- A cluster for companies, including EDF, Global Marine Group and others operating in the offshore energy and subsea markets
- Significant strategic sites available including quay-linked, EZ, development sites, £30m investment in new dock
- Internationally recognised innovation and R&D assets with independent test and research facilities
- key links to the local town regeneration scheme
- Energy Masterplan developed for the Borderland area

Manufacturing

- Significant economic strength - building a new generation of manufacturing and engineering clusters
- Successful businesses growing and adapting, e.g Tharsus
- Opportunities for investment in key development sites
- Freeport proposals to facilitate traded goods through and around Port of Blyth
- Opportunities around the off-shore energy and wider regional automotive sectors for component manufacture

Life Science & Pharma

- Existing economic strength –with a footprint in the County and NTCA area
- Links to academic strengths within regional HEIs
- National Innovation Centre for Aging (NICA) at Newcastle University, a national asset in aging supporting research, innovation and business growth
- Significant investment planned from NTCA in the sector
- Proposals for a £30m recyclable ‘health and growth fund’

Invest in the Transition to a New Economy

Programme of Investment

- **Northumberland Energy Park Phase 3 (NEP3)** – (£27m) large scale opportunity for international investor in space co-located to major offshore wind development cluster;
- **Northumberland Energy Park Phase 1 (NEP1)** – Government commitment to secure interested internal investor for the site
- **Ashwood Business Park** – (c£15m) construction of high quality industrial space to support growth of the advanced manufacturing cluster
- **Development of Berwick Ramparts Business Park and Fairmoor Business Park**, both EZs, to create commercial and Knowledge Intensive Businesses expansion and investment
- **Energy Centre Learning Hub** – (£4m) increase STEM activity across the region, including skills and career path development, with direct links to industry
- **Energy Central Development Package** – (£22m) asset and infrastructure improvements building on and developing the existing international assets to attract further private sector investment
- **Ethical Food production** – development of an incubator and production space to scale up and test products for growing businesses developing plant based products
- **Low Carbon Heat Networks & Hydro electricity** – (£3m) heat networks across a no. areas in SE Northumberland and potential hydro electric power plant in the Tyne valley

(ii) Invest in our Places, Culture & Tourism

Culture & Tourism

- A significant contributor to the County's economy, supporting over 15,000 jobs and bringing in increasing visitor numbers
- The sector will play a key role in C19 recovery as a key part of our economy
- Famous for our welcoming people, globally renowned culture and landscapes, arts, heritage and environmental offer, such as Hadrian's Wall, the National Park and the coastal Areas of outstanding Natural Beauty (AONB), and quality local food and drink produce
- Growing and developing tourism offer, with attractions such as Alwick Garden and established and new accommodation offers supported by local and regional investment in the infrastructure
- Offer is underpinned by our attractive and historic market towns and villages, which welcome visitors and provide easy access to town, county and coast.

Rural Growth

- At the forefront of creating a reimagined way of rural life that, in a post Covid world, will go from strength to strength in contributing to UK plc.
- Opportunities for innovation and growth of agri-technologies with the scale of farms, the growth of farm holdings & presence of demonstrator farms;
- expertise the Universities of Northumbria and Newcastle facilitates agri-tech related commercial research partnerships
- Large base of potential clients for agri-tech services
- England's largest man-made forest in
- Northumberland as well as the presence of the Forestry Commission creates
- opportunities for trialling new precision forestry technologies.
- Space, towns, villages and landscapes integral to tourism

Town Regeneration

- A programme of investment in the renewal of our towns to improve the facilities and connectivity for local communities as well as attract investment into the centres and surrounding areas

Invest in our Places, Culture & Tourism

Programme of Investment

- **Northumberland Line Economic Corridor** – strategic programme to develop major economic infrastructure at stations and station development including Ashington, Bedlington, Blyth, Seaton Delaval, Northumberland Park, Manors and Newcastle Central
- Establishment of a **Rural Design Centre** linked to the National Innovation Centre for Rural Enterprise at Newcastle university (£6m)
- **Town Deals for Ashington** following on from the Blyth Deal, and Investment Plans for smaller towns across the county
- **Hadrian's Wall** - Capital Development Programme (£19m) involving the range of World Heritage Site assets across the Wall and a Recreational Route Network that better connects the Wall to villages, visitor attractions and existing walking and cycling routes.
- **Borderlands Inclusive Growth Deal**, turning the unique economic challenges and assets to drive growth and renewal across the border counties.
- **Supercharged Rural Scale Up**, building on all the lessons from previous initiatives to provide bespoke and agile support services to those businesses located within rural settings who have the appetite and potential to significantly scale up their productivity, turnover, and/or employment scale. (£10m)
- **Rural Catalyst**, mobilising people and places to realise sustainable growth in rural communities through innovation. Working in partnership with the National Innovation Centre for Rural Enterprise, the next phase is to establish a Rural Design Centre that provides the practical capability to translate new ideas and research to generate business-led solutions to place-based rural challenges and opportunities. (£20m)
- **Natural Capital Investment**, developing a new place-based approach to harnessing economic, social and environmental value of our natural assets. Using the fundamental drivers of nature recovery; tree/woodland planting; and peat restoration coupled with land management innovation and diversification to create a post Covid- 19 countryside that are communities understand, cherish and enjoy. (£10m)

(iii) Invest in Transport & Digital Connectivity

- As a large rural County which has in the past suffered from its peripheral nature, particularly from larger economies in London and the South East, the connectivity of Northumberland is key to driving future job growth, decarbonising the economy, reducing social and health inequalities and taking advantage of post-Covid changes in working and living.
- **Northumberland Line** - the Northumberland – North Tyneside – Newcastle rail line will be transformational growth corridor – brought forward by Project SPEED, and with massive potential to drive new passenger flows, new housing and commercial sites, and skills- and-jobs opportunities for residents along the corridor. (£162m)
- **Strategic Road Improvements** – opening up future developments and improving travel times and capacity including the A19 Moorfarm Roundabout, Blyth relief Road and A1 dualling. As well as a Town **Walking and Cycling investment programme** across the county.
- **Freeport** proposal, which would accelerate inward investment and exporting in and around the Port of Blyth. A £10m setup investment would create the conditions for local supply chains and increase the advanced manufacturing of components of key sectors, including the off-shore energy industry, building on the hub in Blyth.

Maximising the opportunity in changes to working behaviours seen during the Covid pandemic, with greater numbers of people wishing to work from home in the longer term, as well as ensuring the connectivity exists for new and existing businesses the County requires upgrades to its digital infrastructure.

- Addressing the residual gaps in 4G through the Borderlands **4G Infill Infrastructure Programme**;
- Extend delivery of the existing **£12m Local Full Fibre programme** to strengthen connectivity in rural areas – ensuring that we invest now to support remote working and public services in our rural communities
- Working with NTCA - **5G investment** focused on connected health, prevention and climate change – emphasising uses cases that are aligned with our key sectors and anchor businesses.

(iv) Invest in our People, Jobs, Skills & Livelihoods

The people of Northumberland are a key asset; the entrepreneurial, hardworking and friendly communities and individuals make the County what it is. We know that higher level and new skills are required to drive the growth of our key sectors. We also know that post-Covid we are likely to face more challenges of unemployment and those seeking to change careers. Ensuring we have the programmes in place to support people and businesses will be key in maintaining business stability and growth and realising individual's potential.

- **Skills** - The learning & Skills service provides over 600 courses to 16-18 year olds, adults and Apprenticeships. Working with the NTCA and devolved the adult education budget means the provision can more than ever before reflect what businesses need.
- **Maximise apprenticeships** – including a fully devolved Apprenticeship service to NTCA – with Levy responsibility, the ability to introduce spending flexibilities and co-delivery of fiscal incentive programme.
- **(£15m) sectoral change programme** – reaching 6,000 people and focusing on transitioning to emerging green jobs, allowing us to act fast in securing good job opportunities and avoid preventable unemployment effects.
- £10m p.a. over 10 years for a bold **Education Challenge** – this is critical to sustaining gains in educational outcomes and underpinning future regional growth.
- With NTCA influence Kickstarter and Labour Market (DWP) schemes (including £2m for Youth Hubs) and powers and funding (£40m) to deliver wrap-around **employment support**, employer engagement and join-up with existing social and skills programmes.
- **Business Support** programmes which respond to post-covid needs of business and specific rural support.
- Working regionally to secure future finance for Northumberland businesses building on previous JEREMEY **evergreen investment funds**.

(v) Invest in a Green Recovery

We have declared a 'climate emergency' - pledging to halve the Council's carbon footprint by 2025 and to work with central government to make the county carbon neutral by 2030. Alongside Government's plans for carbon reduction and green energy, this creates opportunities to make significant investments as part of our ambition to be the country's leading rural green economy. These will include green energy projects, sustainable transport solutions, partnerships with local communities and businesses and protecting and enhancing our natural resources.

Investments:

- **Low Carbon Heat Networks** – decarbonising heat in our towns through development of heat networks using sustainable heat sources such as flooded mine water in Blyth and biomass in Cramlington (£5.5m)
- **Great Northumberland Forest** - the creation of a new Great Northumberland Forest where the first step will be to plant up to one million trees by 2024 at three locations across the county on existing or newly purchased government land that totals around 300 hectares. This could rise to 5,000 hectares of new forest by 2030.
- **Renewable Energy** - investing in renewable energy sources will be a key pillar of our climate strategy. These include a potential hydro-electric scheme in the Tyne Valley, solar energy on commercial and residential property and off-shore wind generation.
- **Electric Vehicle Charging** - we will continue to maintain and expand our network of electric vehicle chargers to support the transition to clean transport. (£1m)
- **Green Homes** - we will invest in improving homes across the county to provide better energy efficiency and reduce fuel bills as well as carbon emissions (£2.5m)