

BRIEFING NOTE | JULY 2020

District Councils' Network: business communities, sectors and innovation

The District Councils' Network (DCN) is a cross-party member led network of 187 district councils. We provide a single voice for all district councils within the Local Government Association.

Context

Huge challenges lay ahead for small and large businesses. While the outlook remains uncertain, the IMF indicates potential for UK growth to reach -10.2% during 2020/21¹, and KPMG forecasts investment falling by 12.6% over the same time². Our national economy is made up of many local economies, involving a mix of large and small businesses interconnected locally, nationally and internationally through various supply chains.

In shire areas, districts are the local leaders for economic development and regeneration, and strategic partners working with counties and LEPs, providing business advice and local intelligence, and attracting inward investment.

Offers

As the billing authorities, planning authorities, and licensing authorities, districts know their local economies like no one else. As a result, districts can respond at pace, using this local knowledge to support the local economy. This has been evidenced through the delivery of the Small Business Grants Scheme and the Retail, Hospitality and Leisure Business Grants fund and more recently via the Discretionary grant scheme which has seen districts designing and implementing a process within just a couple of weeks, and using local knowledge to adapt the scheme to priority industries locally.

Districts have already been engaging with partners and businesses locally to understand their needs as we reopen and look to rebuild and recover. For instance, undertaking extensive business impact surveys to understand the support businesses need, and those sectors falling through the gaps, and holding online forums to connect with the business engage them in a safe reopening.

1 <https://www.imf.org/en/Publications/WEO/Issues/2020/06/24/WEOUpdateJune2020>

2 <https://assets.kpmg/content/dam/kpmg/uk/pdf/2020/06/uk-economic-outlook-june.pdf>

Districts hold a range of levers they can deploy to drive the recovery, including:

- Giving business the vital cashflow that they need to adapt by rescheduling business rates
- Pivoting the planning balance in favour of accelerated delivery, revisiting pre-commencement conditions, adapting to desktop surveys
- Flexing licensing muscle, supporting adaptation and businesses to reach new customers, licensing taxis to take public transport slack
- Helping cashflow by reprofiling S106 and Community Infrastructure Levy payments
- Leveraging our spending power with local procurement that is jobs-positive
- Bringing local business together across crucial local sectors to aid adaptation and developing a new customer base
- Working with DWP and other partners on Job-matching, helping people made unemployed by the crisis move into jobs for the recovery either temporarily or permanently
- Moving quickly to re-shape empty shops to foster business adaptation and new start-ups, increase housing or deliver services
- Delivering grants to businesses, working with LEPs and all sectors important in local economies
- Kickstarting regeneration through prudent commercial investments.
- Working with DWP and other FE partners on apprenticeship and re skilling programmes
- Leading partnerships to develop local career and schools programmes to establish pathways into local growth sector employment

Districts are well invested in the success of their local economies, as the Institute of Fiscal Studies (IFS) has set out: 'Fewer businesses means less income from business rates. More people out of work means less council tax revenue. They are also getting less revenue from sales, fees and charges for parking, use of leisure facilities and so on.'³ Further government financial support will be crucial to enable districts to fulfil their roles driving the local recovery.

Our Asks

The Government should work with District Councils to:

Create local conditions for growth, and targeting support

Future government support should be targeted at those sectors hit hardest, with the aim of safeguarding employment, upskilling the workforce, providing a secure safety net by making permanent the uplifts to benefits, investing in a green recovery, and building the homes the country needs. Measures to kickstart spending and revive footfall in our high streets and town centres, and support to diversify economies in areas heavily reliant on low-skilled, or seasonal employment, are necessary.

³ <https://www.ifs.org.uk/publications/14925>

In the short term, as we reopen, Government needs to engage with districts to help them lead the recovery locally – such as sharing information on the businesses that are furloughing staff, bringing forward investments and giving councils the powers and freedom to target and bring together funding locally, such as the UK Shared Prosperity Fund, Housing Infrastructure Fund, Affordable Housing Programme, Towns Fund and expanding the Future High Streets fund.

Match employers with skills

The investment in the job opportunity programme for young people is welcome. Previous experience has shown such programmes work best when there are strong local relationships with employers, for instance as demonstrated by the Future Jobs Fund.

We therefore believe district councils should play a lead role in the programme, using their local relationships with employers to help them create opportunities for young people in the area. Similarly, district councils should have more of a role in shaping the local skills investments so that colleges provide training in skills needed by local employers.

Keep employees safe

There are key public health challenges going forwards, to ensure that those sectors reliant on face to face contact – such as manufacturing, hospitality, and distribution, operate safely. Enforcement of health and safety, both at work and on public transport, will be critical to controlling the virus, and keeping communities safe. Close working to manage local outbreaks, such as data sharing, and early involvement of districts as the licensing and environmental health authorities is crucial. If local lockdowns are needed, government needs to be providing clarity on the criteria for entering and exiting a local lockdown. Local lockdowns will have huge impacts on already damaged local economies, and this needs clear and consistent communication and ongoing support from government.

Adapt and diversify local economies

Structural change has been accelerated by the pandemic, with an expectation that people will continue to stay local, and shop local, over the coming months. The role of local shops, local attractions, and digital connectivity is increasingly important for many, and provides opportunities that shouldn't be lost to reduce congestion, adapt our high streets and town centres, and improve air quality.

A knock-on effect of the pandemic is that there is likely to be a reduction in the need for commercial office space as more businesses increase home working, and district can help to manage this – for instance, districts could coordinate a central database of businesses looking to downsize their office space in their district and match them with alternative premises or tenants.

Government should consider providing incentives for district councils to reuse/repurpose council offices - many council offices will be underused for at least the next 4-6 months. Some councils may take the opportunity to switch staff to homeworking or adopt a hybrid, which could release office space. This office space could be shared with new/start-up businesses/SMEs at very low rents (at cost only) for a fixed period.

To support SMEs and drive innovation we call upon government to accelerate the roll-out of fibre (broadband) technology across the country, and to consider further measures

to support business, and encourage new start-ups – such as a temporary reduction in business rates for 12–18 months.

The £50m announced by the Chancellor for low-carbon retrofitting of social housing is a welcome start, but we urge the government to bring forward proposals for the £3.8bn social housing decarbonisation fund, to kickstart jobs and support the journey to Net Zero.

We would like to see government making use of districts' local knowledge – for example, as the housing and benefits authorities, and through their work coordinating the volunteer response, they know the families in distress, and would be well placed to lead on issuing food vouchers, working with local supermarkets.

Empower districts to respond at pace

Government should not restrict districts' ability to borrow from the PWLB for commercial property that enable districts to step in to support their local economies to recover. Restrictions on their ability to make prudent investments will stifle their ability to deliver on local need.

We reiterate our calls that districts should have the freedom and flexibilities they need to support their local economies. This includes determining all exemptions and discounts for business rates and Council Tax, including the design of transitional relief schemes at revaluation, as well as locally setting the poundage for business rates. This could be subject to a mechanism to ensure that the business rates poundage did not grow faster than council tax, so that businesses were not treated differently from residents.

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