the big conversation

Helping Britain Recover

Report 2020

LLOYDS BANKING GROUP

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Foreword

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There has never been a more important time for listening. In the midst of a global pandemic, it has helped us understand others and appreciate their circumstances; to make our workplaces and communities more inclusive and open up about how we're coping.

This report is the product of such exchanges. **The Big Conversation: Helping Britain Recover** was a three-month series of roundtable discussions bringing together local businesses, policymakers, community leaders and experts from all regions and nations of the UK. We wanted to use our network of relationships with businesses and regional leaders to convene these conversations and prompt an open debate about the challenges facing the UK and how we might together help the recovery.

We need to build on the Government's 'levelling up' agenda

Some common themes were clear: a pressure to adapt and prioritise, particularly for businesses, in all regions, nations and sectors of the UK, as well as uncertainty about our future and what state the public finances will be in after this crisis. But we also found outstanding resilience: business models pivoting to exploit online retail opportunities, production lines integrating social distancing measures and employees retraining in digital skills that will equip them, and their firms, for the future. This underlying strength provides the basis of a robust and vibrant economy for the years to come.

Beyond these shared experiences, though, the most striking finding from our conversations was the clear diversity and divergence between local economies across the UK.

As an example: 58% of businesses in Yorkshire and the Humber said tax breaks would be most effective in their recovery – far higher than any other region – while 48% in the North East said regional growth funds would help the most. In the South East, 39% pointed to grants to retain or take on new employees.

This diversity is part of the strength of the UK economy, but it also makes clear that there can be no 'one-size-fits-all' approach to recovery. As this report outlines, we need to build on the Government's 'levelling up' agenda by introducing regionally-focused strategies, shaped by local voices for local economies, to ensure the right solutions are put in place.

Our conversations also revealed an emerging consensus – developed in more detail through this report – on the pillars that should form the basis of our recovery.

We need to start considering longer-term solutions to the housing shortage facing the UK. To drive us towards an economy that embraces both digital opportunities and a greener future, we need to develop our infrastructure – for broadband, renewable energy and electric vehicles – and equip people with the skills and education to seize these opportunities.

And we need to keep talking; breaking down the stigma around mental health and money, to help households and businesses build personal financial resilience and respond to the continued uncertainty that we know is ahead.

The plans we make as a country to promote future economic growth need to work for everyone. Coronavirus has exacerbated the regional, ethnic and socio-economic inequalities that existed before the crisis hit but it also gives us an opportunity to address those gaps and tackle the longer-term issues facing the UK.

That has been Lloyds Banking Group's purpose for many years, and it remains so today. Across the UK, and across all sectors, there is an appetite for change: with a recovery plan in place focusing on local economies, we can apply the principles to help us get there.

We must work together to drive the UK forwards – and we must keep listening.

Why the big conversation?

Nobody expected 2020 to turn out like this. In January there was a sense of optimism as we looked forward to what the new year would bring. This was quickly replaced by global uncertainty, increasing economic instability and very real human distress as the coronavirus pandemic swept across the globe.

After the initial shock and grief shifted into a constrained and difficult new routine, it's natural that public discourse should turn towards what a "good" recovery for the UK looks like. Do we just want to turn the clock back to the end of 2019, or do we want to be bold and take opportunities to build back better?

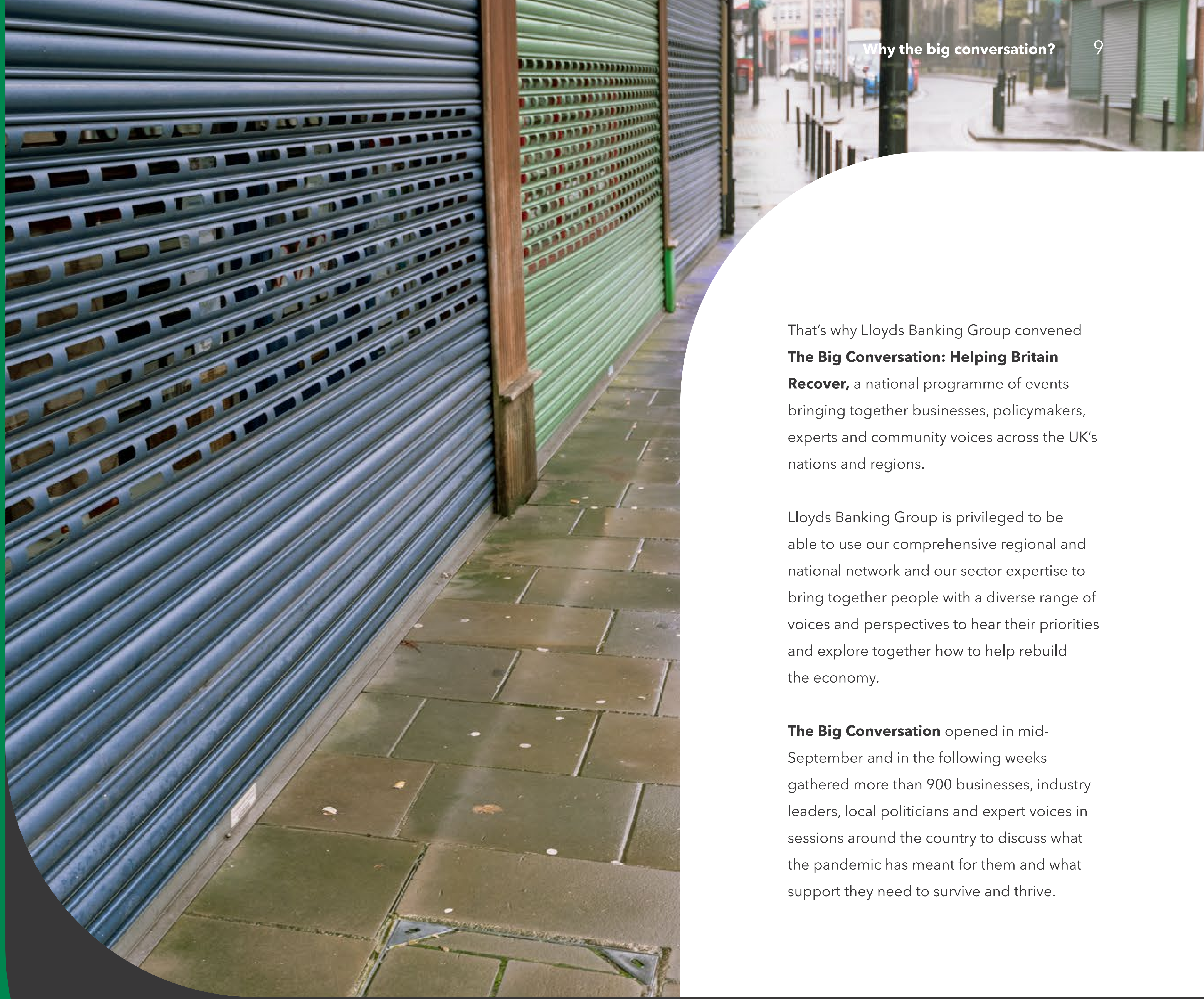
The scale of the cost to national and regional economies is only now beginning to be understood.

The shock to certain sectors and regions is substantial and, one way or another, touches all individuals, households and businesses across the country.

There is no question that the country is seeing rising unemployment and business failures, deepening inequality, growing social dislocation, vulnerability and mental health problems, a greater dependence on the state and a lasting weakness in the public finances that will be borne by future generations.

Mitigating and reversing that damage will be the priority for years to come. It will require a national and concerted effort.

But human ingenuity is boundless and the talent, insight and experience to find the right way forward already exists in the UK's nations and regions; in our legislatures, businesses, communities, charities, academic institutions, think tanks and within anyone with the ideas and the ability to identify solutions and put them into practice.



That's why Lloyds Banking Group convened **The Big Conversation: Helping Britain Recover,** a national programme of events bringing together businesses, policymakers, experts and community voices across the UK's nations and regions.

Lloyds Banking Group is privileged to be able to use our comprehensive regional and national network and our sector expertise to bring together people with a diverse range of voices and perspectives to hear their priorities and explore together how to help rebuild the economy.

The Big Conversation opened in mid-September and in the following weeks gathered more than 900 businesses, industry leaders, local politicians and expert voices in sessions around the country to discuss what the pandemic has meant for them and what support they need to survive and thrive.

What they told us was then taken to 12 virtual roundtables across Scotland, Wales, Northern Ireland and the nine regions of England. More than 140 politicians, policy specialists, trade bodies, charities and local experts shared their insights and suggested priorities for recovery.

The exchanges were candid, revealing and underpinned by a fundamental optimism about the UK's potential. Participants were open about the difficulties being experienced, and the challenges ahead, but agreed that the country can make a success of the recovery and emerge with an economy that is both more resilient and more sustainable.

The Big Conversation covered a wide variety of topics around the UK, and this report reflects the depth and breadth of what participants told us, gathered into seven clear themes.

But it also revealed a shared view of what the critical priorities should be for policymakers.

They are set out in the chapters that follow, along with specific recommendations that reflect the suggestions of those who took part.

900 People

22 Events

140 Voices

Lloyds Banking Group is deeply grateful to all those who contributed. This report does not claim to have found all the answers; The Big Conversation was just the first of many.

But it is hoped that the range of insights and ideas set out in this report show the appetite that exists around the country to work collaboratively to help Britain recover.

What the conversation revealed

The Big Conversation focused on seven topics, chosen for their relevance to the UK's current challenges and future prospects:

Helping small and medium-sized enterprises (SMEs) succeed
Digital skills for a digital future
Reimagining agriculture and the future of food production
More affordable homes
Building resilient households
Driving growth with electric vehicles
A sustainable recovery for all

SMEs have been particularly affected by the pandemic. Their ability to adapt, survive and move forward will be a key determinant of the strength of the economic recovery. Taking advantage of future growth opportunities will hinge on their ability to **embrace new ways of working,** while also **finding workers who possess the skills needed.** The use of **a reformed Apprenticeship Levy** offers one potential solution.

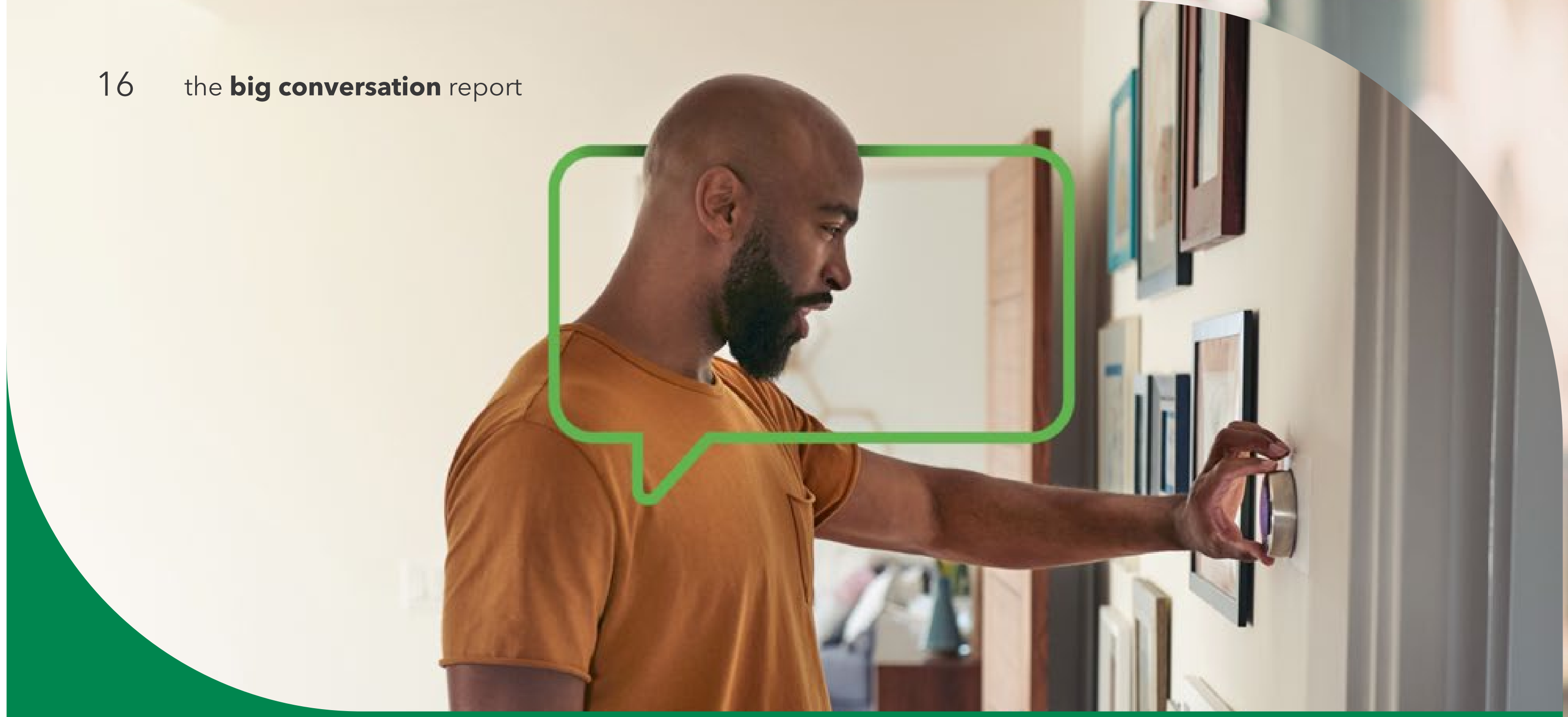
The conversation revealed the need for **more integrated and accessible business guidance.** Gathering the wide range of support into hubs, linked to employment services, could create this single source of help. Participants also discussed the importance of **being open to new ownership and management structures** to unlock investment potential and drive growth.

A lack of digital skills is holding back the potential of businesses and individuals. This requires **focus on digital connectivity,** including fast and reliable infrastructure, access to the right devices and a deeper and wider digital skills base. **A commitment to upskill all individuals** to a minimum level would help the UK equip itself for future success.

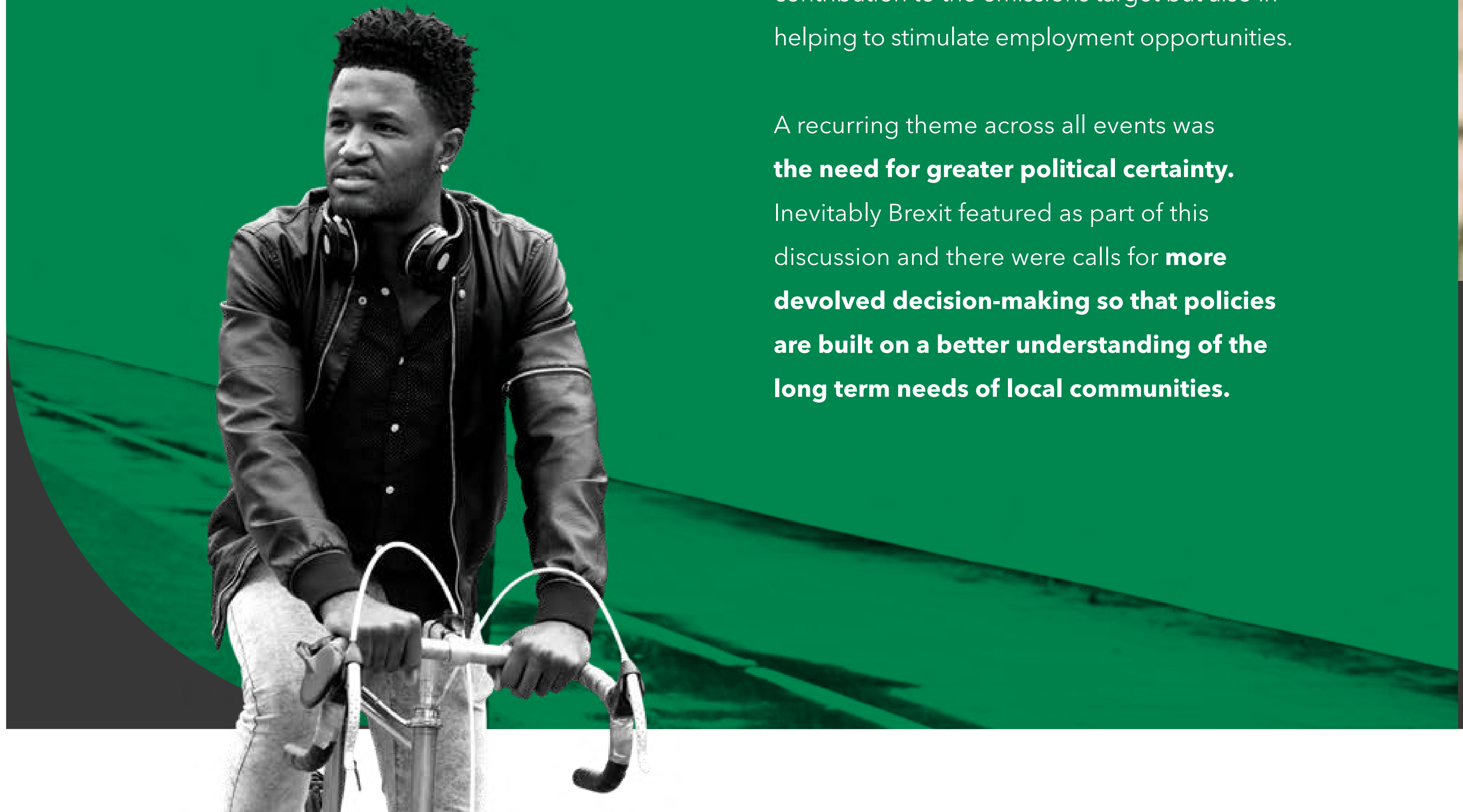
The agricultural sector faces a period of economic change and uncertainty. Alongside concerns about sustainability and the mental health of farm workers, this led participants to focus on **building greater resilience** in their business models and among their people.

Conversations about housing centred on the country's affordable housing shortage, making home ownership an unrealistic prospect for many individuals and families. Participants discussed **expanding the role of local councils to increase housing stock,** as well as **integrating retirement planning with saving to fund first time buyer deposits.** A scarcity of specialist skills was highlighted as holding back the industry.

The pandemic has had an uneven effect on the finances of many households. Women, young people, minority ethnic groups, low-income workers and renters were identified as having been particularly adversely affected. **Building financial resilience** is at the heart of this challenge. The deep-rooted stigma associated with talking about financial problems has exacerbated this. Participants agreed on the need to **promote open conversation and raise awareness of advice services.**



The Big Conversation devoted one regional event to the **potential of electrical vehicles**. It heard how the cost of ownership continues to be a drag on demand for Electric vehicles. Further progress on **persuading people to make the leap will require a consistent approach to policy incentives** and a resilient local electricity infrastructure.



Transport featured as part of the broader conversations on sustainability. Participants called for **investment in better local infrastructure to encourage people to walk, cycle and make better use of green space.**

Improving the energy efficiency of the UK's existing housing stock was also considered to have huge potential, both in terms of its contribution to the emissions target but also in helping to stimulate employment opportunities.

A recurring theme across all events was **the need for greater political certainty.** Inevitably Brexit featured as part of this discussion and there were calls for **more devolved decision-making so that policies are built on a better understanding of the long term needs of local communities.**

The following seven chapters set out the themes that emerged from The Big Conversation. They capture the experiences and challenges of the pandemic and the range of ideas for how the country might start to address them.

Helping SMEs succeed

The strength of the UK's recovery will depend on the ability of the country's small and medium sized enterprises to shake off the effects of lockdown and rekindle their entrepreneurial energies.

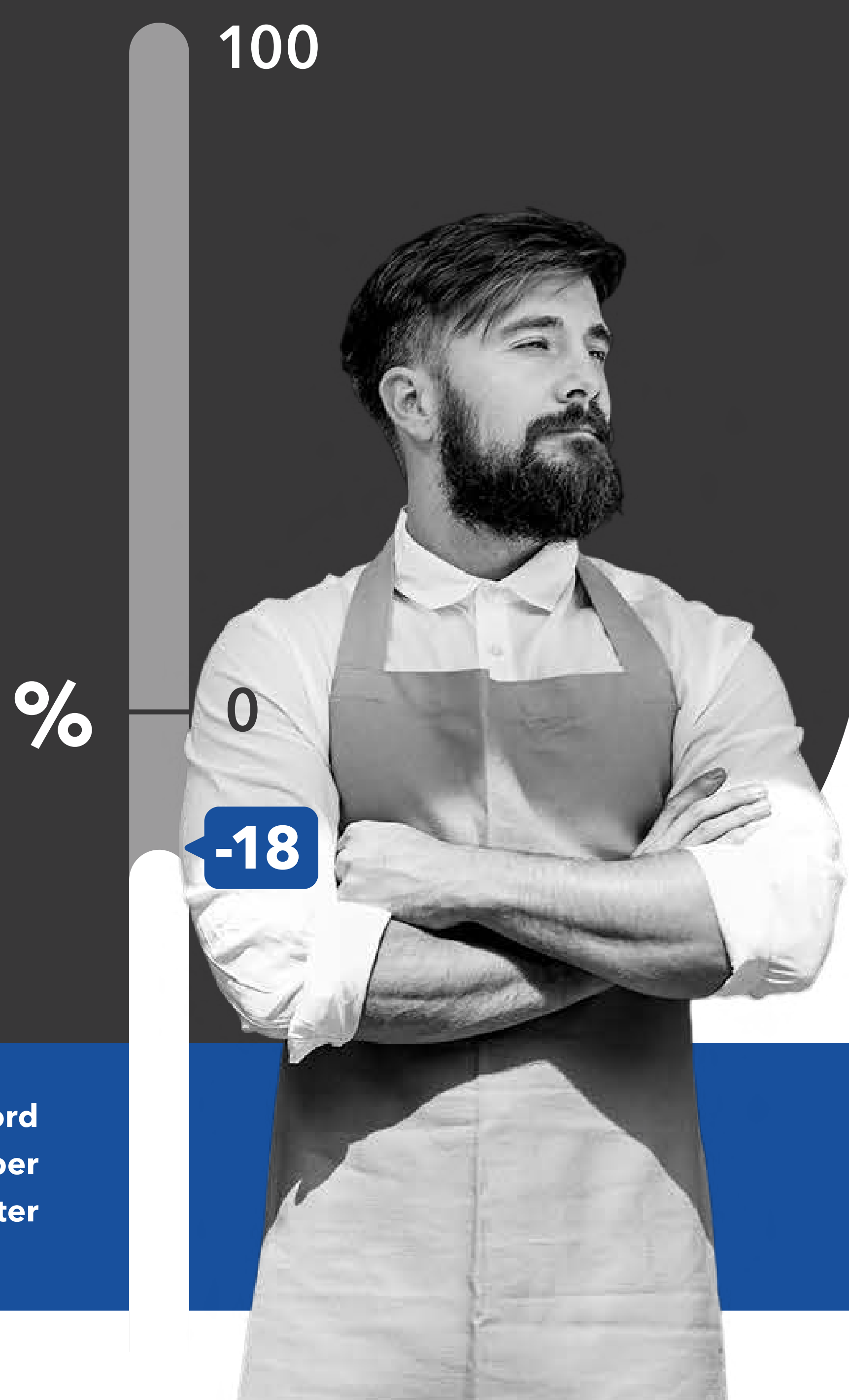
SMEs account for three-fifths of employment and more than half of turnover in the private sector, but the impacts of the pandemic have been felt unequally across different sectors, business models and geographical locations. Given the central importance of SMEs to the recovery, The Big Conversation heard from more than 900 people in every region and nation before gathering panels of policymakers, academics and campaigners in the East and West Midlands and Scotland to discuss specific challenges and solutions facing this critical sector.

Clear areas for policy focus emerged. There was a near-universal view that more was needed to build the skills of SMEs, both of their workforces and of their owners and managers. Help with sourcing and supporting apprentices was called for as was the importance of fostering a growth mindset to overcome the inherent reluctance of many SMEs to trade control of their business for external leadership and investment.

Clearer signposting of resources for SMEs and the creation of integrated growth hubs bringing together financial support alongside education and training were common themes. The potential of greater devolved political decision-making to ensure regional and local needs were better understood and reflected in policy was also mentioned. Underlying it all was a hunger for greater long-term regulatory and fiscal certainty in a time of change and political uncertainty.

There was a clear division between those for whom the pandemic has posed an existential threat, such as leisure, travel and the high street, those left relatively unaffected, such as agriculture, those forced to reimagine themselves, such as retail, and those which have flourished, such as healthcare.

The impact was also felt differently across the country and these conversations explored some of the reasons for the record low level of business confidence – which now stands at minus 18 per cent in the October Lloyds Bank Business Barometer, based on surveyed businesses' views on both their own business prospects and optimism on the UK economy.



Business confidence is at a record low of -18% according to the October Lloyds Bank Business Barometer

Despite that, across the events an underlying sense of optimism was apparent. As Garry Clark of the Federation of Small Businesses put it, there was "positivity among the unavoidable gloom". Participants considered what businesses needed to turn that confidence into success. In the face of a crisis, adaptability was identified as a critical necessity. Yet coping with the crisis left many smaller businesses unable to consider longer-term challenges. Andy Street, metro mayor of the West Midlands, said times of significant change always provided opportunities but measures were needed to help SMEs identify and consider them: "If you're running your own business and you're dealing with the crisis of today, how do you find the brain space for looking for the opportunities in the future?"

If you're running your own business and you're dealing with the crisis of today, how do you find the brain space for looking for the opportunities in the future?

Andy Street,
Metro Mayor of the West Midlands

Innovation through the pandemic

Many businesses have successfully changed the way in which they provide their products and services to their current customers. Stephen Lewis managing director, HFD Property Group described the acceleration into automation during the first lockdown: "We've had to find new ways to do office-based processes, like processing invoices and paying suppliers. We've had to automate but it's been a positive outcome and we're now looking at all our processes to automate as much as we can." These enforced productivity improvements could have long-lasting positive consequences, allowing staff to focus on more profitable activities. This idea was echoed by SMEs in the North East of England where companies described having to review and improve their processes for the longer-term, with increased productivity in a region that has struggled with a persistent productivity gap.

Automating existing processes was one response. Businesses said they were also looking at making better use of their assets, in particular data. According to Mark Hart, professor of small business and entrepreneurship at Aston Business School, "businesses are sitting on millions of data points, and the technology is now there to allow them to understand the complex relationships between all of their moving parts, and make the changes that will create a high-performance workplace and deliver the biggest benefits."

We've had to automate but it's been a positive outcome and we're now looking at all our processes to automate as much as we can.

Stephen Lewis,
Managing Director, HFD Property Group

The pandemic meant businesses were faced with the sudden loss of their markets. Christine Adeosun, founder of Eko Food Market Xpress, which supplies African cuisine and ingredients to the European hospitality sector, switched to social media when the trade shows she relied on to reach new customers stopped overnight, and turned to UK producers to source more homegrown supplies, cutting food miles and making products greener, broadening their appeal further.

The potential of digital channels and distribution proved to be a lifeline for many businesses and sectors in 2020. For retail firms, online ordering and delivery was now well -established. Clive Vickers, owner of Halfpenny Green Wine Estates in South Staffordshire, saw online sales increase sevenfold during the first six months of the pandemic and expected that trend to continue. The latest Lloyds Banking Group Digital Index found that GDP could grow by £85bn if small businesses in the UK adopted more digital practices. If businesses are to benefit from innovation and the digital economy they need a strong digital infrastructure.

Christine Adeosun,
Founder of Eko Food Market Xpress

Scaling up at pace

For some the pandemic revealed the challenge of scaling up fast enough to seize an opportunity.

Medical specialist Omega Diagnostics, part of the UK consortium working to develop and manufacture COVID-19 tests, held an oversubscribed £11m fundraising during lockdown to invest in machinery to develop new products.

While it would support new capabilities in the future, they found the lead times for fully automated equipment were far too long, so they bought semi-automated equipment instead. For all businesses, access to finance was critical to allow them to invest in sudden growth or business model changes.

Some found their supply chains contracted, leaving them struggling to scale up. The resilience of modern, highly efficient supply chains in the face of unexpected external shocks emerged as a critical issue for SME recovery. Businesses need help to review and, if necessary, re-design supply chains that might be vulnerable, such as costly air links with China.

What would really help is a wrap-around service… so an SME can be signposted and supported to access skills support, finance support, growth support and survival support all in one place.

Sajeeda Rose,
D2N2 Local Enterprise Partnership

Better coordination of business support

Panellists recognised the difficulty of helping businesses consider medium and long-term issues when they were preoccupied by getting through the crisis. Jane Martin of Scottish Enterprise described how better coordination could help businesses currently "in survival mode" turn their attention to the future.

This was also a recurring theme in the East Midlands, where Sajeeda Rose from the D2N2 Local Enterprise Partnership suggested that SMEs do not know where to turn to for support and advice: "what would really help is a wrap-around service… so an SME can be signposted and supported to access skills support, finance support, growth support and survival support all in one place".

Integrating sources of support for SMEs in clearly signposted hubs linked to employment services should be considered as a means of accelerating the recovery.

Similar challenges were discussed in the West Midlands where Lily Alimi, researcher to Rachel Maclean, MP for Redditch, pointed out that many businesses were not aware of initiatives such as the Kickstart Scheme – which provides funding to create new job placements for young people on Universal Credit – and that improved and targeted communications would help to increase usage of the support available.

Chris White, from the Manufacturing Technology Centre near Coventry, proposed mandatory membership of local chambers of commerce as a means of improving coordination and better signposting of services. This, he said, would also have the effect of putting a "massive booster behind the voice of business" and would be a means of increasing SMEs' influence in the development of future policies.

Jane Hunt, MP for Loughborough, supported the idea of a growth hub that acts in conjunction with job centres to coordinate support for businesses.

Jane Hunt,
MP for Loughborough

Unlocking business investment

Given the scale of the challenges, there was support for stronger government action to set priorities and give direction. The Big Conversation heard consistent messages about the need for greater certainty on short-term issues surrounding the management of the pandemic, to give businesses confidence to invest.

Dan Rose-Bristow of the Torridon Resort in Wester Ross described how conflicting pandemic regulations and a lack of certainty made short-term decisions difficult: "How much I invest becomes very difficult because it's such an uncertain picture." While the impact of the pandemic may have forced businesses to focus on short-term fixes to enable them to survive, participants said a more strategic and sustainable approach was needed if they were to thrive.

Policy clarity from government on the recovery was considered essential to provide the medium to long-term environment business participants said they needed. Some proposals were specific: the CBI in Scotland pressed the need for clear government support through a new National Commission for Economic Recovery.

Tracy Black, regional director, CBI Scotland, said the scale of the crisis required national collaboration to ensure policy and planning are linked.

Unsurprisingly, Brexit came up as a consistent theme. Across the events, participants said clarity about the future UK-EU trading relationship was critical to be able to make investment decisions. Successful agreement of a trade deal was widely recognised to be a pre-requisite for further initiatives – such as a data adequacy assessment to facilitate the cross-border data flows – that would help to reduce the barriers to trade and market access once the transition period comes to an end.

In the West Midlands, Ninder Johal, board member of the Black Country LEP, said mayors should be seeking greater devolved powers to ensure recoveries could be driven locally and regionally. This reflected a wider view that locally elected representatives relied on so-called 'megaphone diplomacy' with Westminster and Whitehall to influence the direction of their local economy, in the absence of sufficient devolution of formal funding and powers.

How much I invest becomes very difficult because it's such an uncertain picture.

Dan Rose-Bristow, Torridon Resort

Above all, recovery will require businesses to invest in growth opportunities. Without demand for their products and services SMEs will not flourish. Professor George Feiger of Aston Business School pointed to the success of high value, high input sectors and clusters in the United States and Germany as evidence that success does not need to be built on cost competition. Rather, it required identifying sectors worth investing in.

"Businesses flourish and hire people when they have customers who want to buy things from them in increasing amounts – it comes from the market" he said. "Sophisticated manufacturing depends on being part of a cluster, a cluster of related businesses supported by education and training, and sympathetic finance. We need a plan that identifies some sectors we're going to consistently put money into."

Business growth relies too on adapting to new opportunities, developing new skills and increasing scale and complexity. Not all businesses, particularly mid-sized ones, are able or willing to make that transition. Helping them explore the trade-offs between growth and control was one way SMEs could be supported.

George Feiger said: "our experience is that SMEs are very reluctant to share ownership and control and that is a key barrier to successful growth."

Many companies have potential but lack skills in marketing, finance, human resources. A wider growth support policy directed by the Government to help new exporters understand and access trade finance, navigate regulation and develop networks would help build the recovery.

Katie Trout, of the Greater Birmingham and Solihull LEP, cited the importance of research and development budgets to ensure recovery was linked to productivity gains.

Businesses flourish and hire people when they have customers who want to buy things from them in increasing amounts – it comes from the market. Sophisticated manufacturing depends on being part of a cluster, a cluster of related businesses supported by education and training, and sympathetic finance. We need a plan that identifies some sectors we're going to consistently put money into.

Professor George Feiger, Aston Business School

Mission critical skills

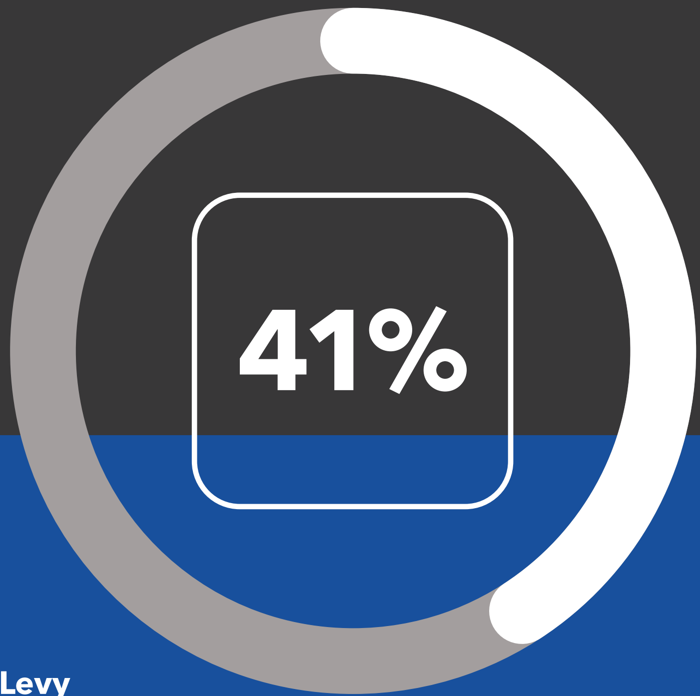
Alongside the need for new management skills, the ability to find people with the skills needed in the future came up repeatedly around the country. Andy Street described making sure businesses "refresh themselves" with new talent as "mission critical". Four out of five manufacturers say they are struggling to recruit skilled employees locally.

A particular focus was access to apprenticeships and concerns that, with the average cost of an apprentice at £8,000 per annum, the economic downturn will lead businesses to reduce or eliminate participation in apprenticeship schemes. The Resolution Foundation predicted that up to 45,000 18-24 year olds within the West Midlands could be left unemployed because of the pandemic. Tony Sartorius, chairman of Alucast, cautioned that another reason why companies may have fewer roles to offer was because workers were retiring later than before.

The ecosystem for apprenticeships should be reviewed to make it simpler for potential employers to understand what resources are available, how they might access sources of financial and other support and what benefits an apprentice could bring to their business.

In the Black Country only 41 per cent of businesses are aware of the Apprenticeship Levy. Kathryn Marshall, Lloyds Banking Group suggested there is a need for more "hand holding" mechanisms to help employers. Businesses unable to contemplate taking on apprentices because of cash-flow challenges arising from the immediate crisis should benefit from a sunset clause to the Apprenticeship Levy that would allow them to defer their benefits.

The benefits of the Apprenticeship Levy transfer scheme, which allows large employers to transfer a portion of their unused levy contribution to other businesses in their supply chain, was singled out as a valuable innovation that needed to be expanded by persuading more firms of its benefit – and increasing the amount available to be transferred.



Percentage of businesses in the Black Country who are aware of the Apprenticeship Levy

£8,000

average cost of an apprentice per year

45,000

predicted number of 18-24 year olds in the West Midlands who could be left unemployed due to the pandemic

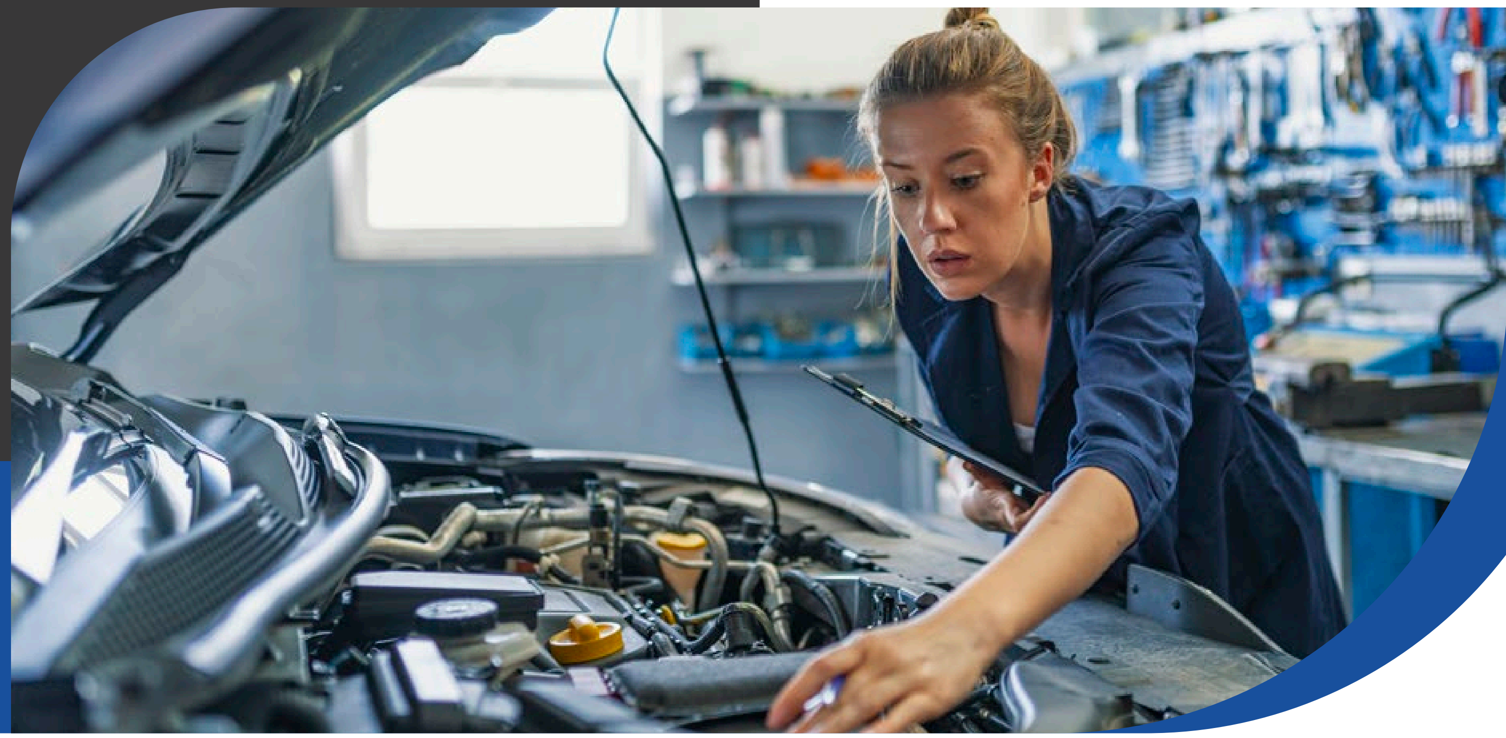
The engine of the economy

Greater policy certainty from government, better integration and awareness of local resources, and access to a skilled workforce emerged from The Big Conversation as the priority areas for policy work to ensure SMEs remain the engine of the economy. In turn there was a recognition that SMEs need help to overcome the barriers that at times lead them to avoid growth opportunities that require an openness to new ownership and management structures.

Charlotte Horobin, membership director of Make UK, the representative body for manufacturers, called on Apprenticeship Levy funds to be ringfenced by the Exchequer to prevent them being diverted to other uses as the public finances come under strain.

Mandip Rai, from the Leicester and Leicestershire Enterprise Partnership, called for an accelerated release of the additional funding being made available to further education colleges as a way of boosting the capacity to address skills shortages. This would need to be combined with greater collaboration between businesses and education and training providers, so that businesses can shape the curriculum of relevant courses to meet their needs.

Charlotte Horobin,
Make UK



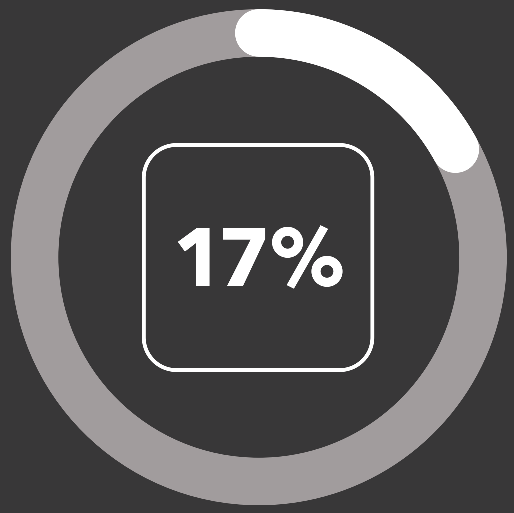
Digital skills for a digital future

The pandemic has accelerated the digitalisation of the UK economy, whether through payments, e-commerce, healthcare, education or the way we work and socialise.

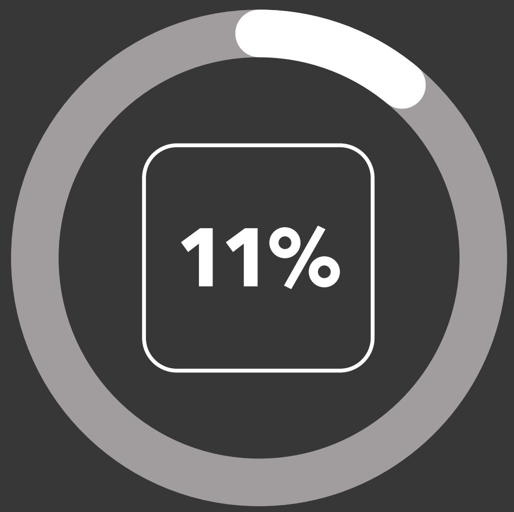
Yet it has also exposed the gap between those who are comfortably digital and those for whom the internet and its benefits remain out of reach, unfamiliar or frightening.

In the North East of England for example, where The Big Conversation on digital skills took place, Newcastle is home to the second highest proportion of high-growth, digital businesses in the UK. Yet the region is held back from greater progress by low levels of investment in digital infrastructure compared to other parts of the UK.

Panellists agreed that ensuring every citizen is given the opportunity to access the potential of the internet should be a public policy priority.



of those surveyed in the North East lacked the digital skills needed for everyday life



were unable to turn on a device and log into any accounts or profiles they have

The consequences of digital exclusion

Consumer research carried out earlier this year showed that 17 per cent of those surveyed in the North East lacked the digital skills needed for everyday life, 12 per cent were unable to connect a device to Wi-Fi and 11 per cent were unable to turn on a device and log into any accounts or profiles they have[1]. There are nine million people in the UK who are unable to use the internet unaided.

Digital exclusion compounds other social problems including barriers to learning, work, financial management and social interaction. As Elyn Corfield, ambassador for the North at Lloyds Banking Group, put it: "running a home, having a career, social life or anything in between is really dependent on having that connection and device".

Haythem Tawfiq of Media Savvy CIC, a social enterprise based in the North East which helps marginalised groups with employability skills, added that those with limited digital capability found themselves more isolated given that learning opportunities were only available online during the pandemic.

Karleen Dowden from the Money and Pensions Service observed that digital skills are "basically the key enabler of the century". They allow us to access a broader range of services more easily and securely, while increasing demand for the innovation economy that will spur the recovery.

Running a home, having a career, social life or anything in between is really dependent on having that connection and device.

Elyn Corfield, Lloyds Banking Group
Ambassador for the North

[1] Lloyds Banking Group UK Consumer Digital Index 2020

Boosting connectivity

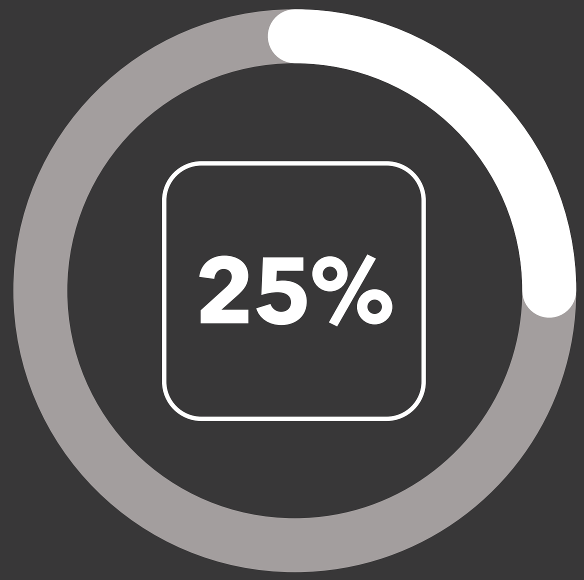
Connectivity – not just getting online but accessing fast, reliable broadband – remains a major issue. Poor connectivity continues to hold back parts of the country economically. In research on behalf of Openreach, the Centre for Economics and Business Research has estimated that connecting everyone in the North East to full fibre broadband would add £1.7bn to the value of the local economy. **If replicated nationally, it would add £59bn to the economy and help 500,000 more people into jobs.** It would achieve this by unlocking smarter ways of working, better public services and greater opportunities for the next generation of home-grown businesses.

Elizabeth Needleman, of BT Group North, reiterated the urgent need for efforts to be stepped up to meet the Government's objective of achieving full fibre (with gigabit capable speeds) broadband rollout by 2025, including support for finding 70,000 more network engineers, business rates reform and mandating full fibre connections in new housing developments.

Tackling device poverty

The pandemic imposed months of home-schooling for most children across the UK. Connecting children to their teachers and classmates requires digital devices, leaving those households with limited availability of devices or broadband at a disadvantage. For many households this brought into sharp focus a lack of skills and understanding in how to use their devices to collaborate and learn.

The impacts are serious for both children and their parents. They include diminished financial literacy and more limited job prospects. Lloyds Banking Group consumer research suggested that people with the highest level of digital engagement are three times more likely to save money as often, and save twice as much, as those with the lowest levels of engagement. Julie Elliott MP, member of the Digital, Culture, Media and Sport Select Committee, reflected that the committee had found that about 25 per cent of the UK population do not have the digital devices they need. While access to the internet is relatively high, for many this entails a single smartphone with limited data shared between adults and children: they are online but do not enjoy full digital connectivity and access to the benefits it brings.



of the UK population do not have the digital devices they need.

Tackling data poverty

Recent research has shown that there are more than 25 million pay-as-you-go contracts in the UK, accounting for a quarter of all mobile phone contracts. Chris Ashworth from Nominet, the official registry for UK domain names, noted that these are the people "dipping in and out of data poverty". Enabling data giving and data sharing, by passing on the spare data that 'disappears' every month despite already being paid for, would make a significant difference to data poverty among the most vulnerable. Nominet has also recommended a review of mobile phone and broadband charges to increase fairness for vulnerable customers should be considered to further improve access to data.

Connecting everyone in the North East to full fibre broadband would add

£1.7bn to the value of the local economy.

If replicated nationally, it would add

£59bn to the economy as a whole.

Helping businesses re-skill

Despite a changing economy, where two thirds of jobs now require digital skills, SMEs lack knowledge about the kinds of technology to invest in, how to access digital skills and why they should[2]. Less than 33 per cent of businesses nationally are confident that they will be able to access the digital skills they need in the next three to five years. There is a gap between knowing what is needed to support economic and business growth and applying it in practice. If digital skills improve business growth across the board, more needs to be done to support business to secure such skills.

Chi Onwurah, MP for Newcastle upon Tyne Central and shadow minister for digital, emphasised the importance of businesses in the region embracing the opportunities presented by going digital: "we want to be creating technology, creating great start-up companies in our region, and for that we need everyone to see themselves as being tech literate".

Less than

33%

of businesses nationally are confident that they will be able to access the digital skills they need in the next three to five years.

We want to be creating technology, creating great start-up companies in our region, and for that we need everyone to see themselves as being tech literate.

Chi Onwurah,
MP for Newcastle upon Tyne Central

[2]ibid

The contribution to levelling up

Considerable efforts are already being made to improve digital skills, particularly at community level. One initiative alone, run by the Good Things Foundation alongside the Department for Education, has helped more than 1.4 million people learn digital skills (and 62 per cent of those previously had no qualifications). Participants agreed that reproducing such efforts on a greater scale should be a priority, with a particular focus on disadvantaged groups before and during their entry to the workforce. Chi Onwurah pointed to the wide variety of private sector initiatives to address digital skills. They were welcome, but suffered from a lack of coordination and effective promotion. Government should improve coordination of digital education initiatives to increase their impact.

Adam Mickelthwaite from the Good Things Foundation called for efforts to increase digital skills to be linked directly to the government's 'levelling up' agenda by allocating two per cent of broadband investment to community infrastructure projects that facilitate digital inclusion. He noted recent polling which showed significant support for a place in every village, town and city where residents can be taught digital skills. This could form part of a policy to establish an agreed baseline of digital skills that should be available to everyone across the UK. An audit of existing sources of free digital training available across the country should be undertaken as a first step.

The Good Things Foundation alongside the Department for Education, has helped more than

1,400,000

people learn digital skills

Reimagining agriculture

Four out of five farmers expect their profits to fall this year as a result of the pandemic. Nearly half say they have had to rein in or suspend production. A third have had to furlough staff. Yet the pandemic and its consequences is just one challenge confronting UK agriculture.

The Big Conversation in the East of England revealed a sector that feels beleaguered in the face of sweeping change.

4 out of 5

Farmers expect their profits to fall this year as a result of the pandemic

The impact of Brexit on staffing and subsidies, alongside the uncertainty surrounding the terms of a new environment payments regime, was singled out by the panel. Climate change, the future of food production and mental health were also identified as public policy priorities if the country's farmers are to play their part in the national recovery. An industry that was once focused on production is now unsure of its role in the economy or the national conversation. The Mid Norfolk MP George Freeman said:

"In quite a deep way the industry feels like it is not in control of its own destiny at the moment."

Overall, there was consensus that UK farming needs to build the resilience of both its business model and its people. Farms carry high average debt, farm workers struggle with mental health issues, and the suicide rate among farmers makes it the most dangerous occupation in the UK.

The session also heard however about the scope for innovation and the potential to re-connect the success of the industry with public interest in supporting local, more sustainable food production.

The need for Brexit certainty

The Government must provide the industry with long-term certainty on regulation and funding, the panel heard. Gary Ford, regional director of the National Farmers Union in East Anglia, said there was a "big role for government to create the business conditions to allow agriculture in the East to grow and thrive, and give farmers that confidence to invest".

The lack of an agreed regulatory framework was 'worrying', according to George Freeman. Brexit uncertainty contributed to anxiety and concern among farmers: "If we get it right it is a huge opportunity, but it is right now a huge challenge and we are asking people to invest long-term and think long-term when the framework on January 1 is not clear." Farmers need more detail of the new environmental land management scheme that is to replace production subsidies, in particular the sustainable farming incentive, the panel heard.

Farming is also facing a skills shortage that will require a greater focus on training and development. According to Melinda Raker, a farmer and patron of the You Are Not Alone charity in Norfolk, fewer young people are coming into an industry already reliant not only on a steady supply of migrant workers but also permanent workers from outside the UK.

"**We couldn't manage our business without those workers, however hard we tried. We cannot get the UK staff.**"

Melinda Raker,
Farmer and patron of the
You Are Not Alone charity

Fewer young people are coming into the farming industry

Building professional and personal resilience

Change and uncertainty are requiring farmers to innovate. Stuart Roberts, deputy president of the National Farmers' Union, described how adversity is requiring farmers to think what resilience might mean for their business, regardless of decisions taken elsewhere on farm subsidies or trade deals. The panel heard that there is a personal cost as well. Melinda Raker said uncertainty was a major cause of mental health problems. The charity's helpline has never been busier. It was suggested that the Government should facilitate training on mental health at agricultural colleges.

Stuart Roberts,
Deputy President
of the NFU

Opportunities for green innovation

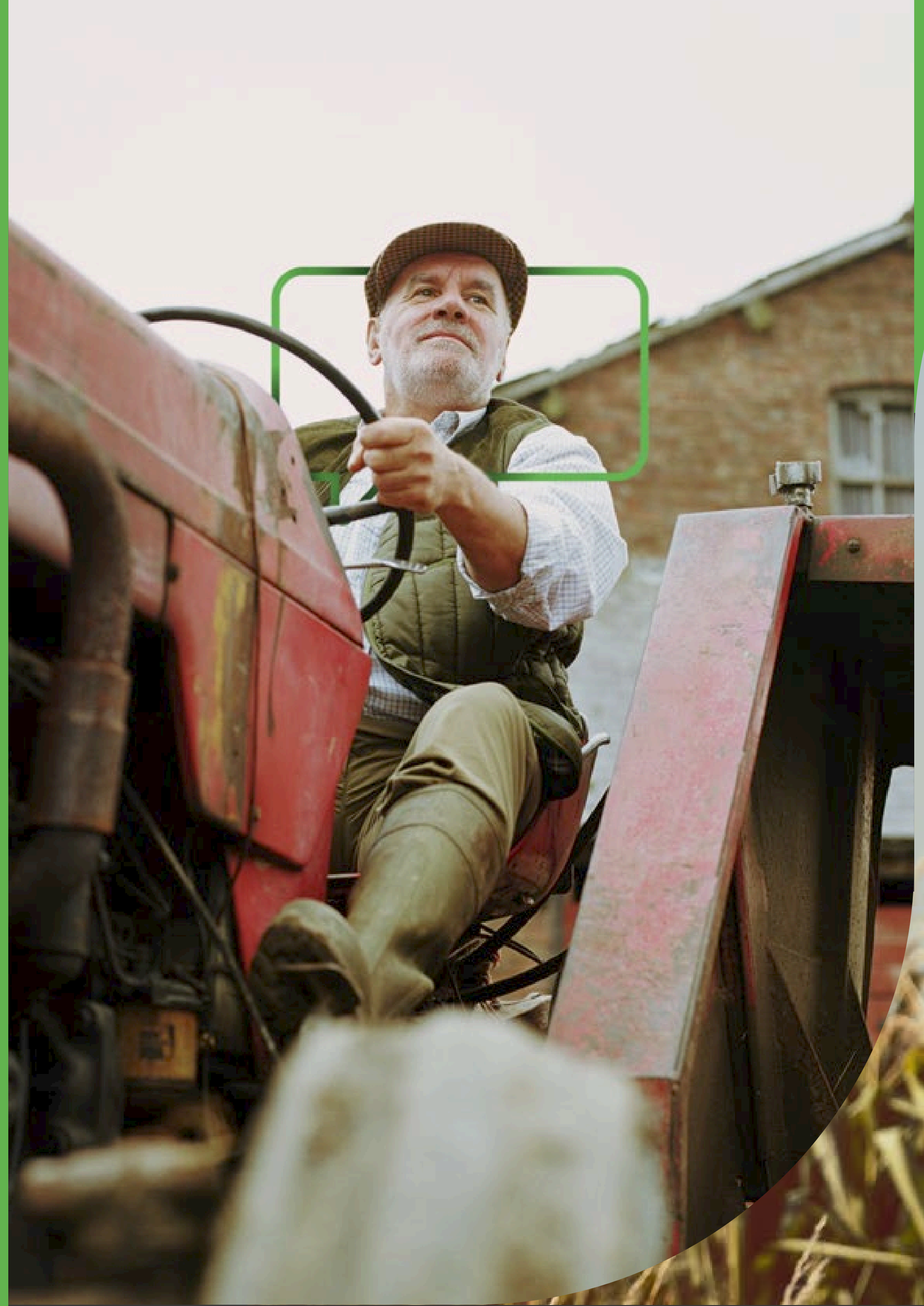
The industry should build on signs of renewed consumer support for British food and farming as a result of lockdown. The pandemic has emphasised the case for a green recovery centred on agriculture, with food security playing a part. Coronavirus and Brexit could serve to give farmers certainty to invest and make agriculture an attractive place to work.

Stuart Roberts said farmers were currently enjoying favourability scores among the public that bankers or politicians might envy, yet lacked confidence in themselves.

"There is an increasing appetite for knowledge about how that food is produced, then actually we really should be on top of the world as an industry."

Chris Hill, the agricultural editor of Archant, pointed to the "huge rise" in the popularity of farm shops. That "enthusiasm and gratitude" was turning British food into a popular UK brand, he said.

Alongside small-scale artisan farms, it was recommended that the industry should explore marketing particular farming areas for the commodities they produce and the major household brands they supply, such as McDonald's or Ribena.



Farming could lead the development of a more sustainable environment, with tree planting and improving soil health for carbon sequestration.

Farmers will come under pressure to decarbonise their production, Ben Makowiecki, Lloyds Banking Group said, as a result of incentives from large brands such as Waitrose which has announced it will only source products from net zero carbon farms by 2035.

Technology and innovation, in particular the development of the agro-tech sector, present an economic opportunity for the UK, with "low input, high output" farming using latest advanced techniques such as satellite guidance and precision drilling. In turn that can contribute to help solving the wider climate challenge, in particular issues such as water resources. The panel discussed the creation of regional centres of innovation at which farmers could come together to learn from each other and exchange ideas on greener agriculture techniques. The panel also heard that agriculture could be a base for what George Freeman described as an 'East Anglian energy economy' by thinking about farms as energy generators through the deployment of smart energy techniques.

Farming needs to manage sweeping change and has an opportunity to become a UK industry that people see is at the heart of what they most love.

More affordable homes

Successive governments have tried to address the country's housing shortage and its impact on affordability, with limited success.

Significant geographical variations in demand, the decline of social housing and its attendant pressures on the private rented sector and the distortions caused by government subsidy schemes defy simple solutions. The full effects of the pandemic are not yet clear, but new working and lifestyle behaviours are expected to disrupt assumptions of future demand.

The current state of the housing market would suggest that the situation is relatively benign, for the moment at least. It appears buoyant, with lenders seeing strong demand from prospective home-owners.

This is likely a reflection of the pent-up demand that had built up during the first lockdown period, as well as the effects of the Stamp Duty holiday announced by the Chancellor in July 2020. It is unclear whether this level of activity will withstand the impact of wider strains on the economy.

The Big Conversation heard from a range of housing practitioners and experts in three events focused on Yorkshire and the Humber, the South East of England and London, and what emerged was a common view of specific problems and potential solutions, in particular the central importance of long-term policy certainty from government.

The role of local councils

Ben Everitt, MP for Milton Keynes North and a member of the Commons' Housing Committee, described the housing market as "broken at every stage". His solution, and one shared by fellow parliamentary committee member and Eastleigh MP Paul Holmes, is to embark on a programme of sustained council house building. This would see a return to the post-war situation where the public sector made a substantive contribution to the supply of new homes.

Kevin Hollinrake, MP for Thirsk and Malton and founder of the Hunters estate agency, suggested that such long-term investment in the public sector's housing stock would produce a valuable return to the taxpayer, in particular when public borrowing costs are at historic lows:

> **We should be investing £15-20bn a year for 30 years; it would pay back through reductions in the housing benefit bill.**

Others viewed this broad approach as potentially counter-productive, unless efforts were made to increase capacity overall. Peter Truscott, CEO of Crest Nicholson, agreed on the need for a substantial uplift in housing supply – potentially reaching 300,000 new homes per year – but suggested that councils would be "competing for the same resources" as existing participants, including private developers and housing associations. A particular concern would be the shortage of skilled tradespeople involved in construction projects, with estimates suggesting that for every three additional new homes built per year the industry needs one additional tradesperson.

Kevin Hollinrake,
MP for Thirsk and Malton

Addressing the skills shortage

Guy Burnett, from the housing association Metropolitan Thames Valley Housing, regretted that construction was not considered a more attractive career choice by many young people. The construction industry is bracing itself for the retirement of a significant number of bricklayers, with apprenticeship schemes not filling the gap fast enough. A skills shortage will be compounded by the twin effects of the pandemic and Brexit, given the relatively high proportion of non-British nationals working in the sector.

However, participants said the pandemic could provide an opportunity as changes to the economy prompt people to reconsider career options. Anne-Marie Mountifield, chief executive of Solent Local Enterprise Partnership, gave the example of the Civil Engineering Training Centre at Fareham College which is helping to address the issue in the South East. “It starts at entry level, providing young people and adults looking for a new career with their licence to practise. It takes them right through, for those that want to, to looking at degrees in architecture and building design.”

Andy Hulme, managing director of Housing and Real Estate at Lloyds Banking Group, pointed to the potential contribution of new modern methods of construction such as modular housing, in which sections of homes are built in factories, which will require new skills: “We’ll build houses differently in the future, but we have to find solutions that have skillsets alongside them.”

Dr Ornella Iuorio, associate professor of architecture at the University of Leeds, added that changing the kind of houses built offered an opportunity to expand the range of skills required in the sector.

Planning reform

Planning reform inevitably featured in the discussion on how to drive up the supply of new homes. Peter Truscott highlighted how the planning and regulatory system had evolved over the course of his long career, observing that it now takes twice as long to get through the process of building a home than it did when he started out.

However, Jonathan Seager from the business campaign group London First, challenged what he said was a continuing lack of certainty in the Government's planning reforms:

"They have the potential to unlock development but there just isn't the detail at the moment – government hasn't had the time to think through the implications". He expressed concern that "the promise is of simplification, but the reality might well be more complexity".

Boosting home ownership

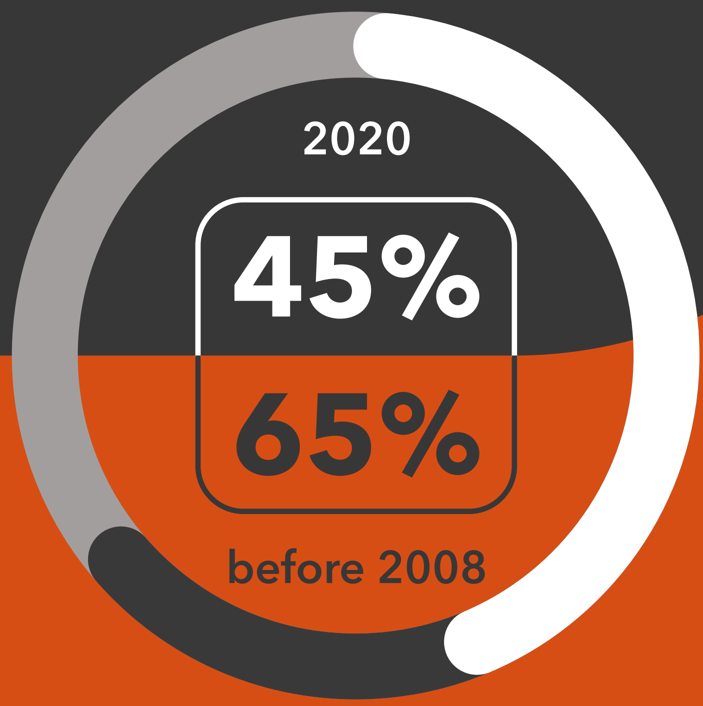
Panellists noted that the housing market is shaped by a decline in home ownership over the past decade compared to other forms of tenure. Among 45-year-olds it has dropped from 65 per cent before 2008 to 45 per cent today, with the average first time buyer now in their thirties. This reflects the 600 per cent increase in house prices since the mid-1980s, whereas wages have only gone up 200 per cent over this period. It is therefore three times harder today for somebody to save a deposit on a first home.

Peter Truscott suggested a solution could be found in "mixed communities", in which households move from rented homes to shared ownership and eventually to owning their own home. Similarly, Kevin Hollinrake made the case for discounted market sales, whereby homes are sold to first-time buyers on a part-ownership basis, with the remaining share retained by the local council. This would allow some variation in the discount rates available by region, to reflect local housing needs and the scale of the affordability challenge.

A proposal to encourage home ownership by introducing a government-backed mortgage guarantee scheme, so that buyers could borrow a higher proportion of the property value, was welcomed by several participants. Kevin Hollinrake noted that the Help to Buy scheme had "done its job", but there was value to introducing a mortgage guarantee scheme to aid first-time buyers. Similarly, Paul Holmes stressed the importance of supporting higher loan-to-value mortgages, with deposits kept to a minimum.

Lloyds Banking Group has also developed proposals on ways to combine saving for a deposit on a first home with saving for retirement. These seek to address the problem that an increasing number of people will spend their retirement in rented homes, a more expensive solution than owning a home outright, and will therefore need higher incomes in retirement to afford rental costs.

Increase since the mid-1980's



Home ownership among 45-year-olds

Shovel ready

Housing and the broader construction sector can play a decisive role in supporting jobs, livelihoods and the economy through the recovery. London Assembly member Murad Qureshi noted:

"Housing is one of the best ways of getting shovel-ready projects – they're much easier to process than, say, transport infrastructure."

The pre-pandemic momentum in the increase of housing supply should not be lost if the UK is to continue making progress against its housing shortage. In the longer term, housing should be part of the solution to tackling the UK's productivity puzzle. A more flexible, liquid market can serve as a vehicle for mobility across the country, helping people and families to move to meet the demand for skills in different areas of the country, and in the process contributing to the 'levelling up' agenda.

Long-term thinking

Jonny Webb, research fellow at the IPPR think tank, asked whether the lack of long-term thinking was the biggest barrier to addressing the housing challenge.

"We need a long-term plan in place. We currently get parties in government with their plan for the next five years, because that's the way politics works, but we need to start thinking in terms of 10 years, 15 years, 20 years; we need a system which promotes that long-termism."

This was echoed by Andrew Weaver, chief executive of Doncaster-based house builder Strata Homes, who singled out the need to find ways to raise housing policy above party politics, which sees frequent changes in approach following each change of minister.

He also noted that the housing industry itself was based on short-termism – "short-term goals, targets and de-risking" – and a narrow product set, dominated by "the middle-market family 1,400 sq. ft home".

Colin Bennett, from the Housing Growth Partnership, argued there was significant opportunity for greater collaboration between the public and private sectors to tackle the country's housing shortage. The Housing Growth Partnership is itself a joint venture between Homes England and Lloyds Banking Group to support SME house builders. These types of public-private partnerships could help overcome political cycles and accommodate a more societal view of housing.

Colin Bennett, from the Housing Growth Partnership, argued there was significant opportunity for greater collaboration between the public and private sectors to tackle the country's housing shortage.

Colin Bennett,
Housing Growth
Partnership

Building resilient households

A picture has emerged in recent years of 'just about managing' households who are vulnerable to an unexpected personal set-back, such as ill health, relationship breakdown, death of a partner, job loss or assuming caring responsibilities. Sudden life events can trigger severe financial consequences.

These moments are made worse when a financial situation is already precarious. The Financial Conduct Authority's Financial Lives Survey found that 13 per cent of adults have no cash savings whatsoever, and a further one in three (32 per cent) have savings of less than £2,000. The same survey found that 65 per cent of adults had no form of life or protection insurance, only three per cent had mortgage payment protection and only four per cent had income protection, the most relevant of the available insurances to cover sickness absence.

The economic consequences of the pandemic have highlighted the need to build the financial resilience of the UK's households, a public policy priority that was explored in The Big Conversation events in Wales, Northern Ireland and the East of England.

The uneven effects

One of the features of the pandemic has been the uneven economic and financial effects on different parts of society. Vanessa Northam, head of strategic relationships at the debt charity StepChange, explained how the pandemic had dealt a "body blow" to people with the least financial resilience. The charity has seen a significant increase in demand for its services from young people aged 18-24, many of whom contacted the charity for the first time, in addition to the normal high demand from women and those renting their homes. Janice Maher, from the Money and Pension Service in Northern Ireland, echoed this when she said that young people, parents, low-income workers and ethnic minorities have been the most likely to struggle.

The impact on women was highlighted by Helen Antoniazzi, from the Welsh charity Chwarae Teg, who said that "a lot of women were already in precarious financial situations, so having to take a reduced income during furlough or isolating and losing income means savings became an impossible luxury". She said the network of help needed to be visible and effective to help counter the threat of unscrupulous lenders and scammers. Tonia Antoniazzi, MP for Gower, echoed the disproportionate impact on women and young people, stressing the need to raise awareness about the availability of advice services among these groups.

Teresa McCloskey from Apex Housing Association in Northern Ireland said that their advisers had been overwhelmed by low-income tenants seeking help to meet household costs. This had prompted collaboration with local councils to promote services such as food programmes more effectively.

For Paula Bradshaw, MLA for South Belfast, the wide-reaching impact of the pandemic was visible in the number of previously affluent families which had been forced to turn to food banks because of a sudden drop in income, suggesting a low level of financial resilience.

Akmal Hanuk, of Assadaqaat Community Finance, which offers financial support and advice to entrepreneurs on Islamic financial principles, also warned of the financial effects on disadvantaged parts of society and a need for services to help people struggling with mental health issues that often accompany financial distress.

Overcoming the stigma of money problems

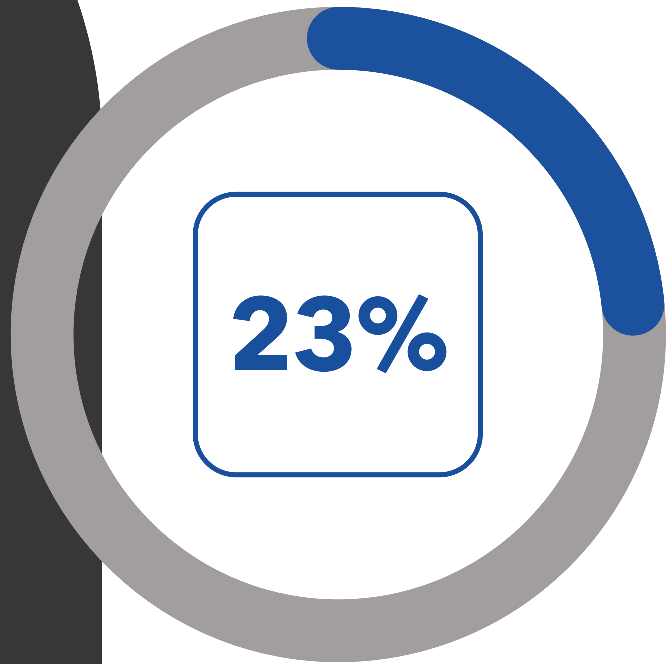
While the increased use of debt advice services was a clear sign of people needing help and support, participants drew attention to the deep-rooted reluctance that many people have when it comes to talking about money and debt problems.

Adrian Nicholas, from the Welsh mental health and money advice service Hafal, identified a persistent stigma attached to debt and associated mental health problems, with many people finding it too embarrassing to be open about money and debt problems they may be experiencing: "there's so many people out there who are in this situation who find themselves in desperate, desperate need of help, but are too afraid to seek help".

Action was needed to remove barriers to conversations about money and open the way to earlier interventions to address the underlying financial challenge that those in difficulty face.

Paula Bradley, MLA for North Belfast, reflected on her own experience. She faced the repossession of her home 25 years ago. Despite working as a debt adviser at the time, she did not follow the advice she would offer others – asking for help. "It's about breaking down that fear... because once you've been in that place it never leaves you", she said.

The importance of seeking help early when debt problems arise was emphasised by Nicola Bannister of Lloyds Banking Group. Early action increased the chance of finding effective solutions to financial problems. "When we speak to people who are already into deeper arrears, by the time they reach out for help, that's when it becomes more complex", she said.



of 230,000 indebted people in Wales have accessed debt advice

> **It's about breaking down that fear... because once you've been in that place it never leaves you.**

Paula Bradley,
MLA for North Belfast

Enhancing access to support

For Lee Phillips, Wales manager for the Money and Pensions Service, the experiences of the pandemic demonstrated the need for greater access to financial advice in order to build resilience. Talking about the situation in Wales, she said: "230,000 people here are over-indebted, but only 23 per cent have accessed debt advice because they don't know where to get it or don't realise they need it until they are in a crisis, which can have an impact on their mental health as well."

Ben Lake, MP for Ceredigion, identified a particular challenge for rural and coastal areas. It was here, away from large population centres, that face-to-face services were less likely to be available and yet these were also the areas where access to online services was hampered by poor or unreliable broadband connectivity. This concerned Vanessa Northam, who highlighted that services such as StepChange relied on digital advice solutions given the limited capacity of telephony services.

Despite these challenges, there were signs of progress in how organisations have adapted to the pandemic. Amy Dutton, representing Citizens Advice, said her organisation had been seeking new ways to engage with its clients, trying to embed their advice services into everyday areas of life – for example, in GP surgeries.

Similarly, Vanessa Northam welcomed the introduction of new Breathing Space legislation that comes into effect in 2021 and was designed to give individuals with problem debt legal protections from creditor action for up to 60 days so that they can receive advice and potentially enter an appropriate scheme to resolve their debt. But she also questioned how local authorities and others would support the initiative and raise public awareness of it.

Ben Lake identified the need for greater focus on financial education for young people, who often do not have exposure to financial matters in the course of traditional schooling. The switch to remote online teaching in schools, colleges and further education presented an opportunity to teach about money digitally.

Ben Lake,
MP for Ceredigion

2021

New Breathing Space legislation comes into effect

60

days of legal protection for individuals with problem debt

Driving growth with electric vehicles

Electric vehicles have a significant role to play in helping the UK achieve its 2050 net zero emissions target.

In recent years, the Government has implemented measures to increase ownership, notably the 'Road to Zero' strategy which outlined support for the supply of electric vehicles.

Despite that, only 0.5 per cent of licensed vehicles are electric, suggesting there is more to do to ensure the switch to electric vehicles – 'EVs' – plays its part in driving the recovery. The Big Conversation convened a panel in the North West of England to consider why the adoption of EVs has not been greater and how it might be accelerated in the wake of the pandemic.

Only 0.5 per cent of licensed vehicles are electric

The cost of ownership

The initial cost of ownership was recognised as a major obstacle for consumers to make the leap to EVs. Marc Palmer, from the classified advertising business Autotrader, said that when it came to demand for electric vehicles "the only discernible pattern that we have seen is affluence". Liverpool City Region metro mayor Steve Rotheram noted that "unless we make it cheaper somehow or we can subsidise those vehicles, it's less likely that in areas like ours where people are slightly less well-off" that people will switch to EVs.

When it comes to demand for electric vehicles the only discernible pattern that we have seen is affluence.

Marc Palmer,
Brand Director, Autotrader

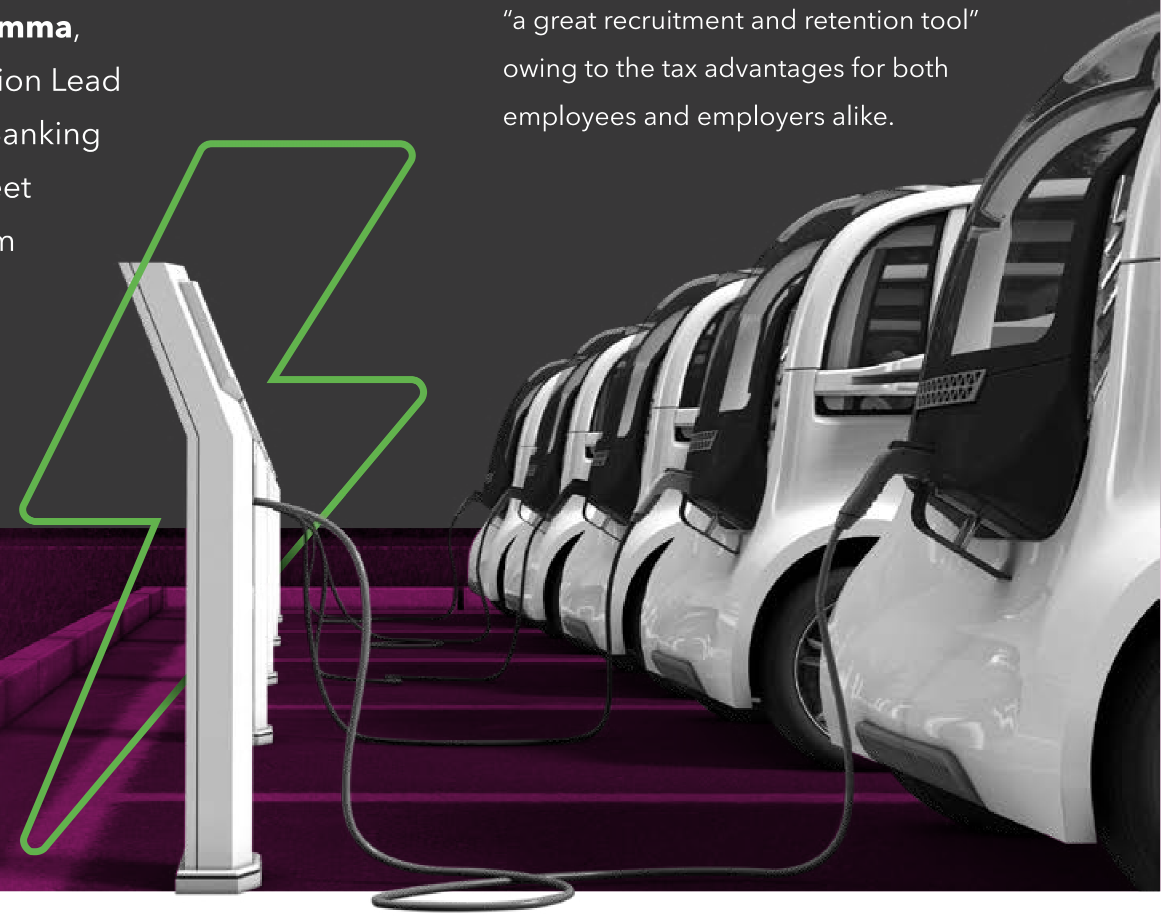
Reflecting on the impact of the pandemic, Peter Cole, from the statutory body Transport for the North, suggested that the economic downturn would drive "a real pick up in the amount of second-hand car ownership" since "people haven't got the cash or feel like they don't have the cash to buy new cars".

Tax simplification and developing better understanding of the total cost of ownership was encouraging businesses to electrify their fleets.

Lauren Pamma,
Electrification Lead at Lloyds Banking Group's fleet finance arm

Gill Nowell from Electralink, the energy data hub, pointed to growing evidence that the life-cycle cost of an EV was beginning to match that of petrol or diesel cars. Simon King from the facilities management company Mitie went further and suggested that for commercial fleets at least EVs are in fact cheaper, while "electric vans are starting to get to the tipping point where they are cheaper".

Lauren Pamma, electrification lead at Lloyds Banking Group's fleet finance arm, said tax simplification and developing better understanding of the total cost of ownership was encouraging businesses to electrify their fleets. Claire Watson-Brown from Jaguar Land Rover cited the partnership Jaguar has with the NHS and different health trusts which have been offering salary sacrifice vehicles to their employees. She described it as "a great recruitment and retention tool" owing to the tax advantages for both employees and employers alike.



Charging infrastructure

Take-up of EVs depends however on the availability of simple-to-use, cheap and fast public charging points. As Steve Rotheram pointed out: "If we don't do something about the infrastructure, then the rest of it is pie in the sky." The Big Conversation identified two aspects of charging infrastructure that should be addressed to help drive the take-up of EVs.

The first was the capacity in local electricity grid infrastructure to support the widespread charging of EVs on residential streets. Gill Nowell pointed out that too many EVs in one area can affect the low voltage network, for example by resulting in the street lights being dimmed as power is directed away to charge multiple EVs.

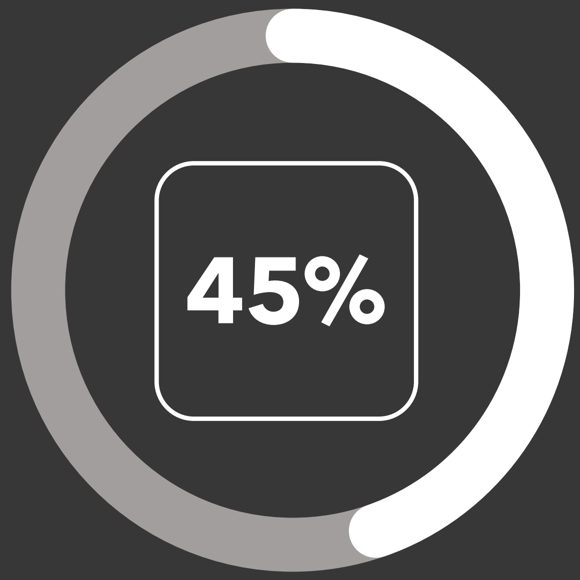
> **If we don't do something about the infrastructure, then the rest of it is pie in the sky.**

Steve Rotheram, Liverpool City Region Metro Mayor

Chris Pateman-Jones of infrastructure provider Connected Kerb said that grid constraints around the country could be remedied with smart charging. He envisioned a "Met Office of EV charging" which could forecast when people would next need charging facilities by analysing patterns of behaviour, in order to minimise the impact on the grid.

The second point identified about infrastructure was that many homes, particularly in less affluent areas, do not benefit from off-street parking and therefore rely on the availability of public charging points. Simon King said that 45 per cent of their drivers do not have off-street parking. This was particularly an issue for employees driving vans rather than cars. Rapid charging points in public places offered a potential solution, but panellists acknowledged that consumer surveys suggest there is little appetite to wait while vehicles are charging.

Steve Rotheram cited an innovative initiative in Liverpool that is converting food waste into energy, potentially offering an opportunity to place similar facilities in public places to provide free energy to charge EVs.



45 per cent of Mitie's drivers do not have off-street parking

> **Customers visit a dealership with the full intention of buying an electric car and come out with a new shiny petrol car.**

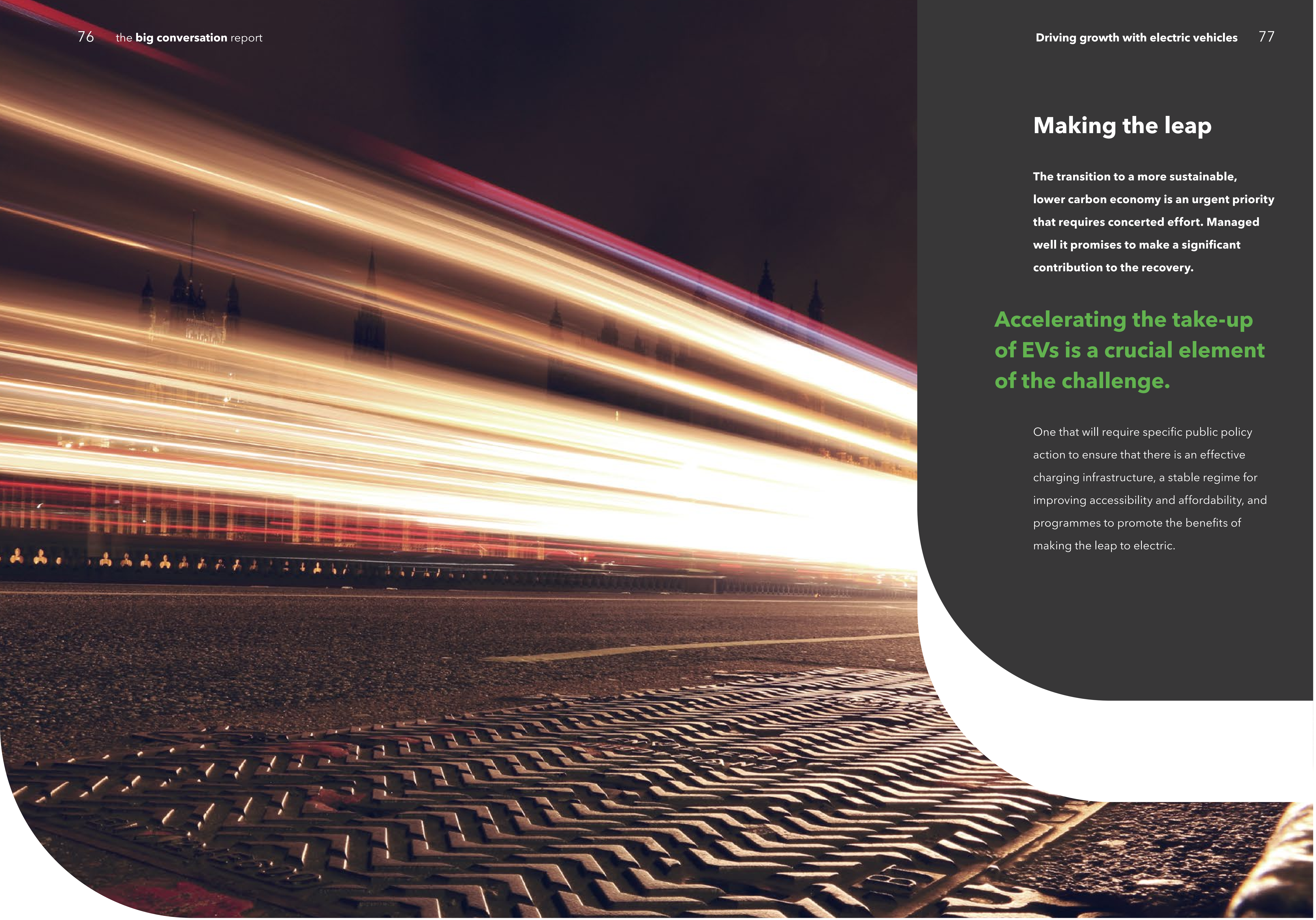
Gill Nowell, Electralink

Electrifying awareness

Wider engagement and education on electric vehicles must take place to ensure that consumers are aware of their benefits. Chris Pateman-Jones suggested that both the industry and public bodies involved in promoting low emission vehicles struggled to reach a broad audience. If the Government chooses to accelerate the phasing out of diesel and petrol vehicles, a public information campaign will be needed to help drivers make the switch to EVs.

Gill Nowell advocated for more work to be done with car dealerships to incentivise them to engage consumers on EVs. This would reduce the likelihood of customers visiting a dealership "with the full intention of buying an electric car and coming out with a new shiny petrol car". Education should be extended to schools, with the transition to EVs built into the curriculum.

Peter Cole said embedding sustainability issues into school curriculums would develop public understanding of the wider economic benefits by introducing young people "to the range of jobs that they can get in the net zero economy".



Making the leap

The transition to a more sustainable, lower carbon economy is an urgent priority that requires concerted effort. Managed well it promises to make a significant contribution to the recovery.

Accelerating the take-up of EVs is a crucial element of the challenge.

One that will require specific public policy action to ensure that there is an effective charging infrastructure, a stable regime for improving accessibility and affordability, and programmes to promote the benefits of making the leap to electric.

A sustainable recovery for all

Although the urgency of the pandemic risks overshadowing the UK's commitment to net zero emissions by 2050, there are encouraging signs emerging from the national response which demonstrate that accelerated change is possible.

Consumers appear more engaged with sustainability issues. Over a third of UK adults are now more likely to take action to reduce their carbon footprint than before, as shown by YouGov surveys.

The Big Conversation events in the North West, South West, Scotland, West Midlands and Yorkshire and The Humber all highlighted how the economic renewal required provides an opportunity to promote clean growth and support the UK transition to a low carbon economy.

Dr Danielle Sinnett, from the University West of England, summarised the challenge when she said that there was a "need to make sustainability relevant for people in the short to medium term and connect people's actions to the difference they're making".

Greener housing

While much focus has been given to building new homes to more sustainable standards, the bigger prize arguably lies in improving the country's existing housing stock.

The scale of the challenge was outlined by Anna Klimzcak, CEO of the United Communities Housing Association in the Bristol area and Swindon:

"It's great that we can have all these shiny new homes that are all energy efficient and everyone wants to live there but the majority of our houses are not energy efficient in any kind of way, and that takes money."

The UK's Committee on Climate Change has estimated that almost 26 million homes will have to be made low carbon, low energy and resilient to a changing climate if the country is to achieve the net zero target.

To put this more starkly, more than one home must be retrofitted every minute until 2050[3]

[3]UK Green Building Council, https://www.ukgbc.org/news/welcome-to-world-green-building-week-2018

Andy Mason, Lloyds Banking Group highlighted some of the practical considerations involved: "The average home has an energy performance certificate rating of D, and it costs people roughly £15,000 to invest in their home to move to a B rating, but they only really save about £300 per annum on their energy bills." The Government should consider further incentives to help home-owners choose to de-carbon their homes. Policymakers should also consider other options for stimulating change, including support for lenders to offer green mortgages, where home-owners are offered a lower borrowing rate or an increased loan, to renovate an existing home.

Investment in retrofitting homes with measures to make them more environmentally sustainable is not only seen as environmentally desirable, but also as a good way to increase employment. Jane Stevenson, MP for Wolverhampton North East, saw this as a significant potential opportunity for entrepreneurial businesses. Citing the National Brownfield Institute in Wolverhampton, she said: "There's lots of construction training, and if you think about the retrofitting of homes, that's going to be taking place over 10, 20 years potentially. There is a big industry waiting to launch."

There's lots of construction training, and if you think about the retrofitting of homes, that's going to be taking place over 10, 20 years potentially. There is a big industry waiting to launch.

Jane Stevenson, MP for Wolverhampton North East

The average home has an energy performance certificate rating of D, and it costs people roughly

£15,000

to invest in their home to move to a B rating, but they only really save about

£300 **per annum on their energy bills.**

Karen Brown, senior policy adviser at the Sunderland-based Northern Housing Consortium, described the opportunity for the north of England: "We've estimated that across the three northern regions there are 200,000 existing homes per year that need retrofitting to get to a C rating by 2035. There's a huge industry to be created around that."

This was reinforced by Jonny Webb, from the IPPR think tank:

"The cost of retrofitting is quite high, but there's the potential to create hundreds of thousands of jobs right across the country – with a significant proportion concentrated in the North."

Jonny Webb, IPPR think tank

Greener businesses

James Wilde, head of sustainability at Lloyds Banking Group, argued businesses could be helped to become more energy efficient by "raising awareness, giving advice and providing finance" combined with "good regulation".

Integrating low carbon solutions into recovery packages would help motivate businesses to invest. Longer-term policy initiatives would encourage business to engage in a green recovery. Examples include investing in the necessary infrastructure to decarbonise transport and expanding access to broadband.

Jon Reay, founder of the consultancy Rewrite Digital, argued that there needed to be commercial incentives to persuade people and businesses to look towards a green future given they have so many other pressing concerns. Similarly, he identified the need for investment in relevant skills and digital infrastructure to help businesses derive the benefits of more efficient technology.

This was reinforced by Sam Holliday from the Federation of Small Businesses who highlighted the need for investment in infrastructure:

"You've got to incentivise business because I think that the will is there, but the financial means are not."

John Chaplin of the Bristol Port Company argued for the government to focus on the provision of an efficient, reliable energy supply. He pointed to the further development of micro-grids and wind turbines to provide cleaner energy. Stephen Flynn, MP for Aberdeen South, advocated diversifying the Scottish economy via long-term investment in renewable energy sources to reduce reliance on the oil and gas sector.

Greener transport

Participants agreed that transport should be a crucial area of focus for reducing carbon emissions. It was the fastest-growing contributor to emissions and has been the largest emitting sector in the UK since 2016, accounting for 28% of the UK's total emissions in 2018 according to the Department for Business, Energy and Industrial Strategy.

Steve Rotheram outlined some of the initiatives introduced in Merseyside, including an e-bike pilot and major investment in public transport. "Our car ownership is lower than most other areas, so we want to look at green vehicles in the wider sense – not just car ownership but our public transport system" he said.

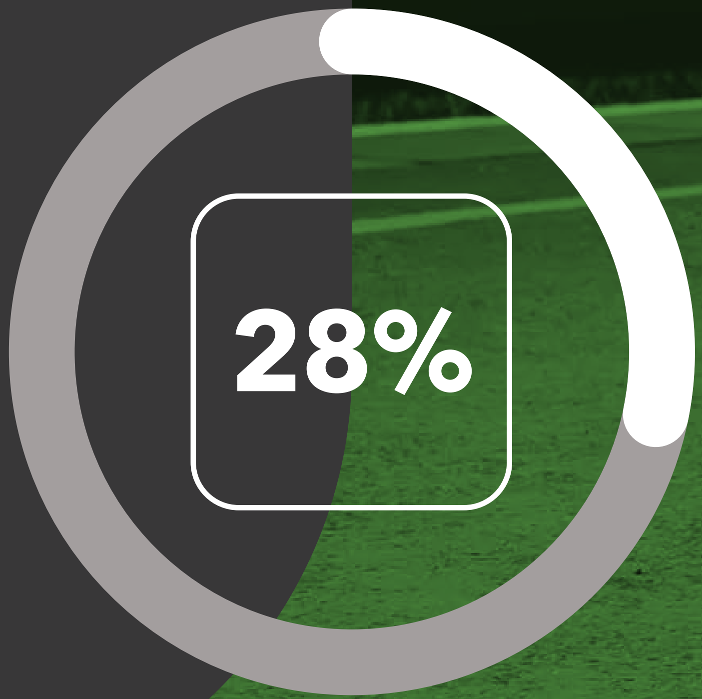
It's about providing facilities and infrastructure close to where people live to allow them to spend.

Dr Danielle Sinnett, Research Centre Director, Centre for Sustainable Planning and Environments at University of the West of England

Investment in better transport infrastructure to encourage people to walk, cycle and make better use of green space was highlighted by Dr Danielle Sinnett: "It's about providing facilities and infrastructure close to where people live to allow them to spend." The Severn Ride and Stride initiative was cited as an example of collaboration between businesses, the community and local authorities to improve transport facilities across the area.

John Chaplin said transport had to be at the top of the agenda for a green future, highlighting the importance of looking at shipping and how ship emissions can begin to be reduced.

Transport is the fastest-growing contributor to emissions and has been the largest emitting sector in the UK since 2016, accounting for 28% of the UK's total emissions in 2018.



Greener Leadership

With the UK due to host the UN Climate Conference in 2021, there is an opportunity to take a leading global role.

A focus on retrofitting the UK's housing stock, a green transport revolution and supporting small businesses will need to be combined with effective leadership to help the UK achieve its low carbon ambitions.

The conversation does not end here

The conversations that form the basis of this report continue to take place up and down the country, in households, businesses, universities and councils, on a daily basis. It's clear that recovery from the pandemic requires the clarity and coordination of a national recovery plan, alongside tailored support that can only come from a truly devolved approach that respects the role of every region and nation.

Equally clear from these conversations is the capacity of individuals and businesses to innovate, seize new opportunities and collaborate. Many businesses have shown their unwavering determination and flexibility as they adapted to serve their customers in new ways or through new markets.

Despite the hope offered by successful vaccine trials, there are still significant challenges ahead for the UK as it prepares to leave the EU and focus on a robust economic recovery. The main thing is to keep talking. Lloyds Banking Group will continue to be part of these conversations and bring people together. Most importantly, we'll continue to listen. Our regional and national ambassadors will convene more conversations between businesses, policymakers and community champions to get to the heart of how we can better support a sustainable recovery for all the UK.

We are proposing reform for long-term savings by integrating

saving for a first home + saving for retirement

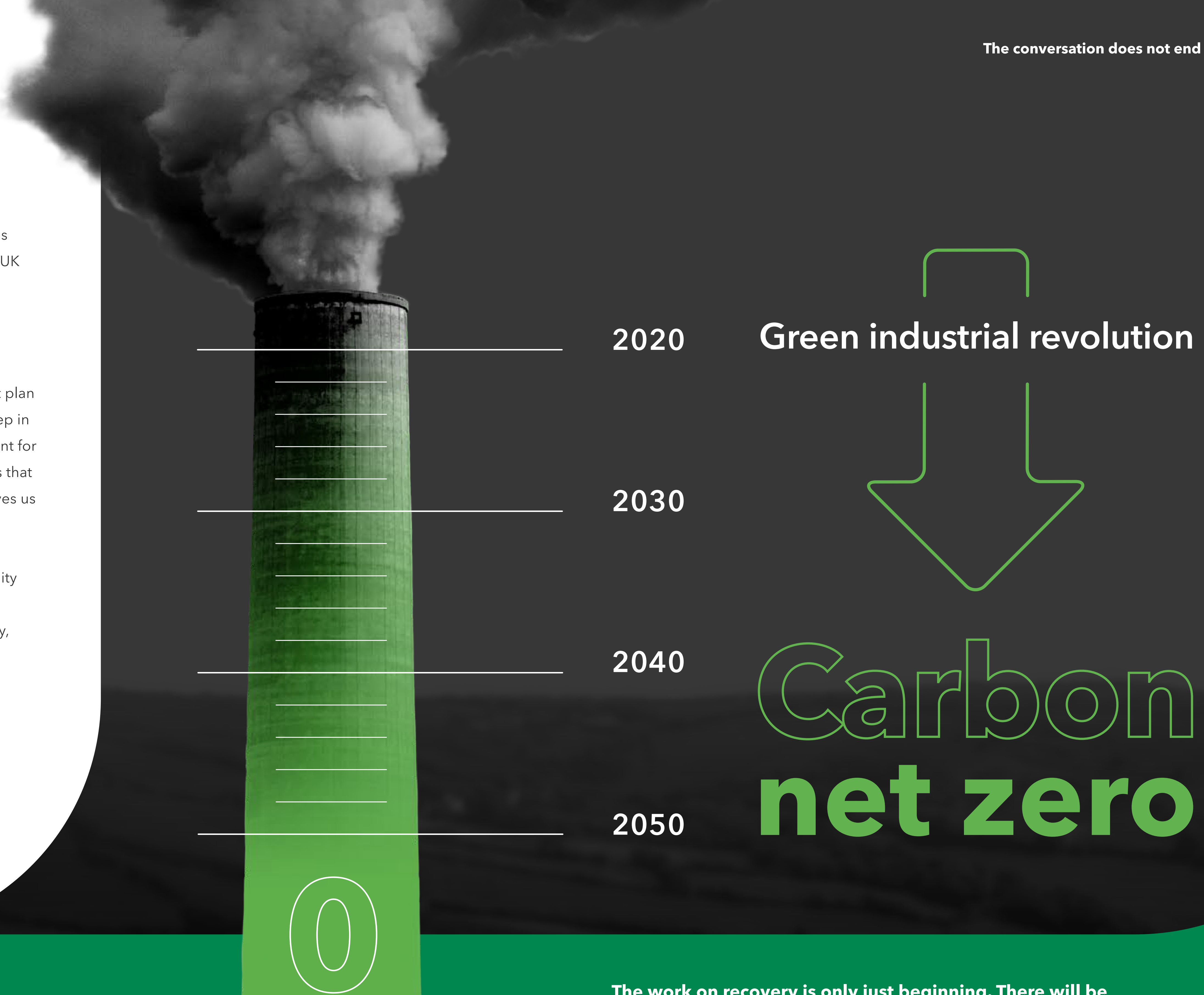
Some priority areas are already emerging. Greater collaboration between the public and private sector is needed to tackle the UK's housing shortage and lack of diversity in housing supply, to make quality, affordable housing a reality for more people. Lloyds Banking Group believes a new mortgage guarantee aimed at first time buyers could help address the affordability challenge, ensuring a smooth transition as the Help to Buy scheme is phased out, by lowering the deposit hurdle.

More work too is needed on building up the financial resilience of households. We have also put forward a proposal for reforming the long-term savings landscape by adopting an integrated approach to saving for a first home and saving for retirement.

Despite the challenges ahead, there is a prevailing sense of optimism that the conditions being faced by individuals, businesses and households present a genuine opportunity for the UK to build back better, to level up across regions and to embrace new areas of economic growth.

The UK Government's recent ten-point plan for a green industrial revolution is a step in the right direction, providing a blueprint for investment, creating thousands of jobs that will benefit the entire country and moves us towards carbon net zero by 2050.

We believe there is a unique opportunity to encourage clean growth through policies that prioritise energy efficiency, low carbon energy, green business support packages and decarbonised transport and agriculture. These areas can create jobs, attract investments, boost productivity and support regional development.



The work on recovery is only just beginning. There will be challenges and setbacks but through the talent and unlimited capacity for innovation that exists within individuals, communities and businesses across the country, the return to a robust and vibrant economy is within our grasp.

Scotland

Pre-covid baseline

8.2%
UK population (5.44m)

7.5%
GDP (£162bn)

Key sectors:
Food and drink is the biggest employer in Scotland. The oil and gas sector is a major employer and is estimated to support 100,000 jobs in Scotland

2.82m
employed in 2019

2.78m
estimated by 2021

Event polling

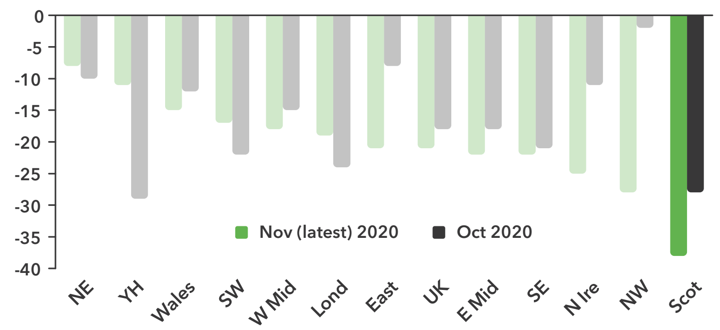
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Grants to retain existing / take on new employees **(31%)**
  - Tax breaks **(27%)**

29% of SMEs believe they have more positive cash flow than 6 months ago

24% of SMEs believe they are more innovative than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

HFD Property Group

For HFD Group, a commercial property company that operates throughout Scotland, the pandemic presented a number of challenges. The firm's construction division had to pause work on a development in Glasgow for three months, but used the time to modify the building design to make it more Covid-safe and environmentally sustainable.

HFD also changed the way it makes the most of employees' skills, and used technology including automation to increase efficiency.

"We've had to find new ways to do office-based work, like processing invoices and paying suppliers. We've had to automate. But it's been a positive outcome and we're now looking at all our processes to automate as much as we can."

Stephen Lewis,

Managing Director, HFD Property Group

Most relevant policy areas

- Investment-led planning for the recovery needs to begin immediately. For the recovery to be successful, medium and long-term plans need to be put in place now. Creating a national commission is seen as one way to achieve this
- Investment in renewable energy is crucial, and can be used to support the energy industry's diversification and development of carbon capture technology
- Businesses need to receive direct funding for future skills development

Sustainable recovery insight

- The North Sea Oil and Gas sector is seen as at breaking point due to the impact of Covid-19. The drop in oil and gas prices triggered by the impact of the pandemic on demand and challenges to supply chains have left many firms struggling
- The Scottish Government has announced plans to invest £1.4 billion of low-carbon funding and £100 million for green jobs as part of its Programme for Government. The funding will support Scotland's transition to a net zero economy and help create 100,000 high value jobs over the next decade

Wales

Pre-covid baseline

3.7%
UK population (3.14m)

3.5%
GDP (£74bn)

Key sectors:
Services industries account for two thirds of the Welsh economy, and tourism is a major subsector

1.49m
employed in 2019

1.46m
estimated by 2021

Event polling

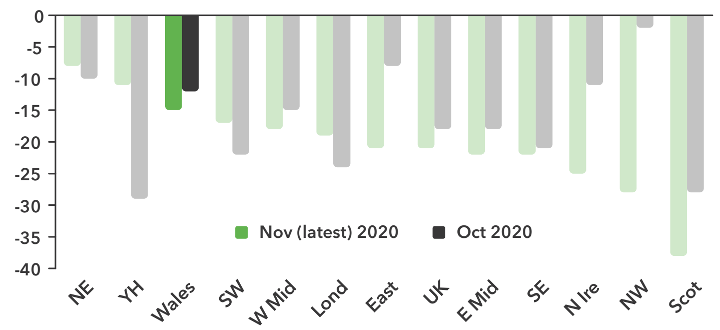
- SMEs believe the following two initiatives will support recovery in their region:
  - Grants to retain existing / take on new employees **(24%)**
  - Creation of regional growth funds **(43%)**

50% of SMEs believe they are more innovative than 6 months ago

32% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Tiny Rebel Brewery

Tiny Rebel Brewery saw 90% of their trade disappear when lockdown forced bars and restaurants to close their doors to the public. They had to make quick decisions about how to keep their business going.

One of their first moves was to drastically scale up their online retail arm, which allowed them to grow their presence in household retailers like Sainsburys and Waitrose. By switching focus, Tiny Rebel saw a 575% growth in revenue from online sales during lockdown, highlighting the benefit of a strong digital offer in the current climate.

"Ninety per cent of our revenue came from bars and pubs. When we were told to close, we worked 24/7 to come up with different revenue streams. By switching to selling direct to customers online and focusing on our partnerships with retailers, we've been able to plug the gap."

Hannah Williams,

Chief Executive Officer, Tiny Rebel Brewery

Most relevant policy areas

- Financial education will boost future resilience. Embedding financial literacy in the education system, and at key intervention points such as job centres and town halls will build confidence and empower individuals to manage their money
- Integrated advice services would be critical to driving engagement. Housing advice services in one place providing clarity on the process will increase uptake and encourage those in need to gain support

Financial resilience insight

- More than half the people in Wales are potentially vulnerable due to low financial resilience. (FCA, Financial Lives Survey 2018)
- A higher proportion of adults in Wales have personal loans compared to other parts of the UK (at 16% vs 12% of the UK average), and 13% of adults in Wales have no savings or investments at all (FCA, Financial Lives Survey 2018)
- Almost a quarter (23%) of people in Wales say they are not managing their money in a way that they can enjoy life, the highest across all UK regions and much higher than a national average of 12%. (Schroders Money and Mind report, 2020)

Northern Ireland

Pre-covid baseline

2.7%
UK population (1.8m)

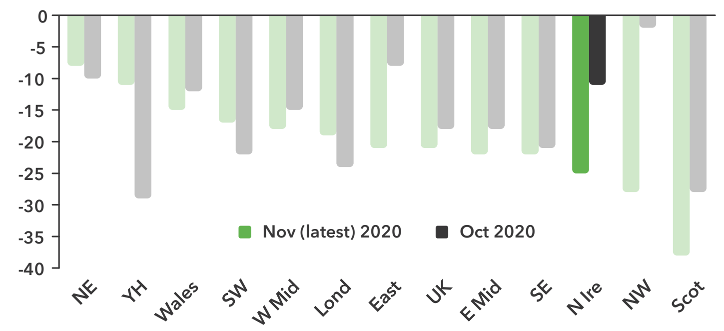
2.3%
GDP (£49bn)

Key sectors:
Services, wholesale and retail, human health and social work. Northern Ireland's advanced manufacturing and engineering sector has grown almost three times faster than the rest of the UK in recent years

779,880
employed in 2019

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

The Northern Ireland landscape

- There are a number of potential economic impacts of Brexit including a fall in trade and decreased funding
- Historically low levels of productivity. The most recent regional productivity statistics from the Office National Statistics (ONS) found output per hour in Northern Ireland fell by 2% in 2018, sitting 15.6 percentage points behind the national average and making it the third-least productive part of the UK, after Wales and Yorkshire and the Humber
- Poor digital infrastructure in rural areas. According to the Department for the Economy, **"The more important part of infrastructure is the disparity in access to quality high speed broadband. There has been a longstanding issue with rural broadband, and this has limited the potential of people to work from home or start businesses in rural areas"**

Most relevant policy areas

- Long-term solutions to build financial resilience, including developing a cohesive anti-poverty strategy and education initiatives
- Access to short- to medium-term financial support, such as access to affordable credit for low income households, extending the Winter Fuel Payment and considering changes to the Universal Credit system

Household finance insight

- Unemployment in Northern Ireland is predicted to increase to a peak of 13% this year according to the University of Ulster Policy Centre. It forecasts the Northern Irish economy could recover lost output and incomes caused by the pandemic by late 2023 or 2024
- Northern Ireland has the highest levels of personal debt in the UK according to the Financial Conduct Authority, Financial Lives 2018 Survey
- People in Northern Ireland are among the least likely in the UK to seek help from a financial adviser about their money worries (Schroders Personal Wealth – Money and Mind Report, 2020)

East Midlands

Pre-covid baseline

7.2%
UK population (4.8m)

5.8%
GDP (£49bn)

Key sectors:
Manufacturing, which the region has been heavily reliant on traditionally, services and transport

2.43m
employed in 2019

2.42m
estimated by 2021

Event polling

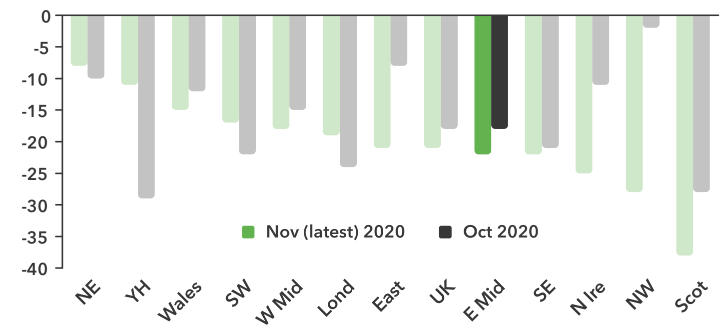
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Grants to retain existing / take on new employees **(37%)**
  - Creation of regional growth funds **(27%)**

44% of SMEs believe they are more innovative than 6 months ago

38% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Halfpenny Green Wine Estate

Award-winning wine producer Clive Vickers crafts a range of different white and red wines, as well as sparkling white, pink and red wines. The wines are produced at Halfpenny Green Wine Estate and it's a family affair, with his father Martin tending to the crops and his wife Lisa managing the business, shop, restaurant, deli and tea room on the site.

During lockdown, Halfpenny Green has had to work hard and adapt its focus to meet a rise in online wine sales. But the adaptation has paid off significantly, allowing the company to reach both new and existing customers.

> **"We've shown how resilient our business can be by adapting our retail operation to support a shift towards buying online and bringing in new safety protocols. This has allowed us to return to eighty percent of our pre-crisis operating levels."**
>
> **Clive Vickers,**
>
> Owner, Halfpenny Green Wine Estate

Most relevant policy areas

- Greater collaboration between SMEs, education providers, local authorities and banks can help ensure that skills development is locally led. Integrated advice services can support SMEs to grow and innovate
- Financial incentives to help increase the uptake of new talent. For example, raising awareness of the Apprenticeship Levy and tax credits

Support for SMEs insight

- More than a third (36%) of businesses are looking to diversify their offering. However, resources remain stretched due to furlough, redundancies and reduced working capital (Chamber of Commerce Survey, June 2020)
- 69% of the region's most profitable businesses described the region's talent pool as lacking. In the same survey, 69% of businesses in the region feel that the region's skills shortage was their biggest barrier to growth (Confidence Survey by Grant Thornton, 2018)
- Derby is seen as particularly vulnerable to job losses due to the high volume of employees working in the aviation sector. The think tank Centre for Cities believes one in five jobs in cities and large towns across the UK could be at risk of redundancy

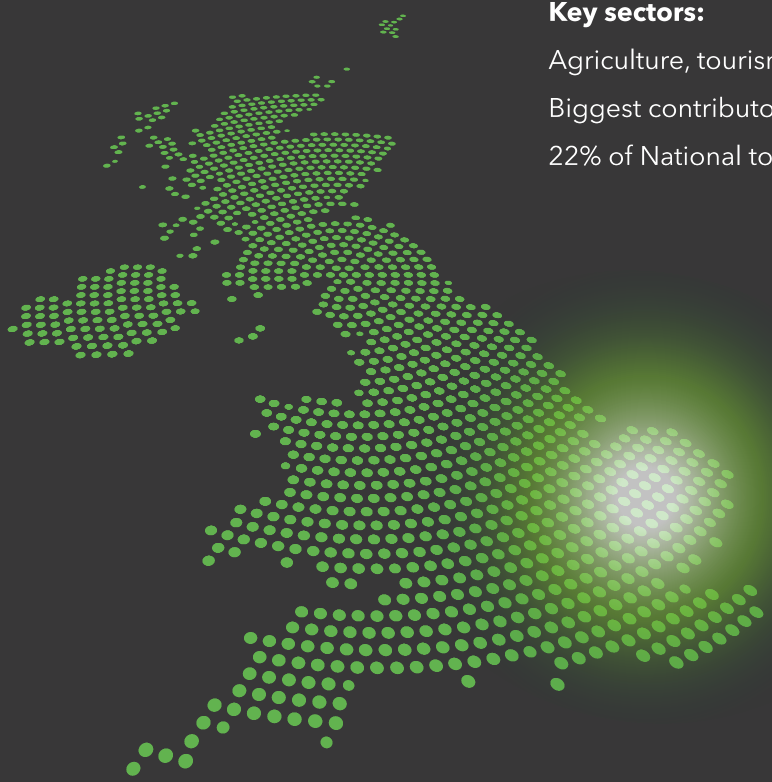
East of England

Pre-covid baseline

9.3%
UK population (6.2m)

8.7%
GDP (£166bn)

Key sectors:
Agriculture, tourism & technology
Biggest contributor to the UK's farming income: 22% of National total (885m)



3.27m
employed in 2019

3.24m
estimated by 2021

Event polling

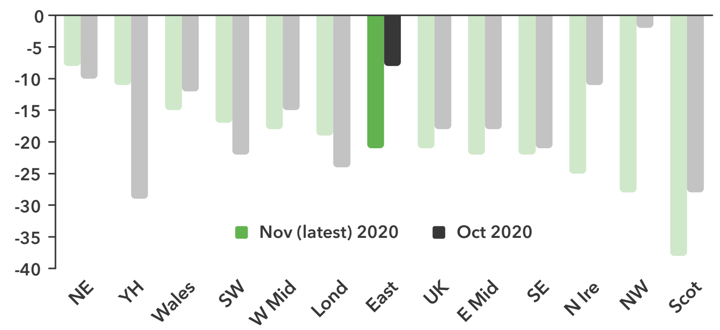
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Grants to retain existing / take on new employees **(31%)**
  - Creation of regional growth funds **(19%)**

50% of SMEs believe they are more resilient than 6 months ago

25% of SMEs believe they are more innovative than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Stokes Sauces

The quest for great taste in sauces began in 2004 when Stokes started trading and producing high quality mayonnaise and tomato ketchup. Since then, the product range has grown significantly and Stokes Sauces now produces an extensive range of sauces for both retail and food service markets across the world.

During lockdown, the business had pivoted away from the food service and hospitality sectors towards retail and homed in on new product development. But the cancellation of many trade fairs had made it more challenging to secure new listings.

"During lockdown we decided to tilt the business towards the retail sector, which has helped to put our products in front of more people than ever before. We've also ramped up our social media activity to help promote our products."

Chris Reeve,
Commercial Finance Director, Stokes Sauces

Most relevant policy areas

- Sustainable farming practices to help build resilience in the sector, including investments in agritech to improve access to water systems and enhance soil health
- Greater mental health support and training is needed. This could include mental health training in agriculture colleges, and greater access to support centres for agriculture sector workers

Agriculture insight

- Between 2014-2018, the East of England saw farming income decline by 22% to £727 million (Department for Food, Environment & Rural Affairs)
- The Farm Safety Foundation estimates that one agricultural worker per week dies by suicide in the UK, while a 2019 study from the Health and Safety Executive found that farming has the highest accident incident rate of any industry
- With a fatality ratio of 9.2 per 100,000 workers – compared to the national average of 0.45 – these figures mean working in agriculture is the most dangerous occupation in the United Kingdom
- Research by the Farm Safety Foundation shows that 81% of farmers aged 40 say mental ill-health is the 'biggest hidden problem faced by our community today' and 92% of farmers now report that the promotion of 'good mental health is vital for saving farmers' lives'

London

Pre-covid baseline

13.4%
UK population (8.9m)

22.8%
GDP (£487bn)

Key sectors:
Information and communication, financial and insurance, real estate, engineering and building services, high value business support

6.05m
employed in 2019

6.02m
estimated by 2021

Event polling

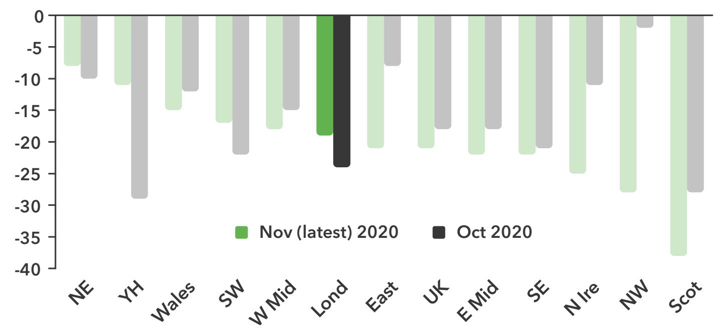
- SMEs believe the following two initiatives will support recovery in their region:
  - Grants to retain existing / take on new employees **(36%)**
  - Improved digital connectivity **(23%)**

59% of SMEs believe they are more innovative than 6 months ago

49% of SME owners think they will be worse off after leaving the EU – highest in the UK

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Eko Food

Eko Food Market Xpress opened their first shop in Tower Bridge in 1997. They've since grown, with shops in Orpington and Dartford and a new space in Kilburn planned to open soon. The firm offer a butchery, bakery, 'Grill and Fry' as well as ready meal chilled and frozen food to purchase via their warehouse.

During lockdown, supply chain issues made it difficult for the company to continue sourcing specialised ingredients for its African cuisine from overseas, forcing them to rethink some of their recipes in order to meet the increased demand for ready meals. Some of the usual avenues of marketing their products were also not available.

> **"Without trade shows, we turned to social media to share our products. We collaborated with UK producers to find more homegrown supplies which helped us cut our food miles, making our products even greener."**
>
> **Christine Adeosun,**
>
> Founder, Eko Food Market Xpress

Most relevant policy areas

- Housing supply needs to increase across London and will require significant investment, particularly to increase the stock of affordable homes
- Increased home ownership could be encouraged by introduction of a government-backed mortgage guarantee scheme, so buyers could borrow a higher proportion of the property value

Housing insight

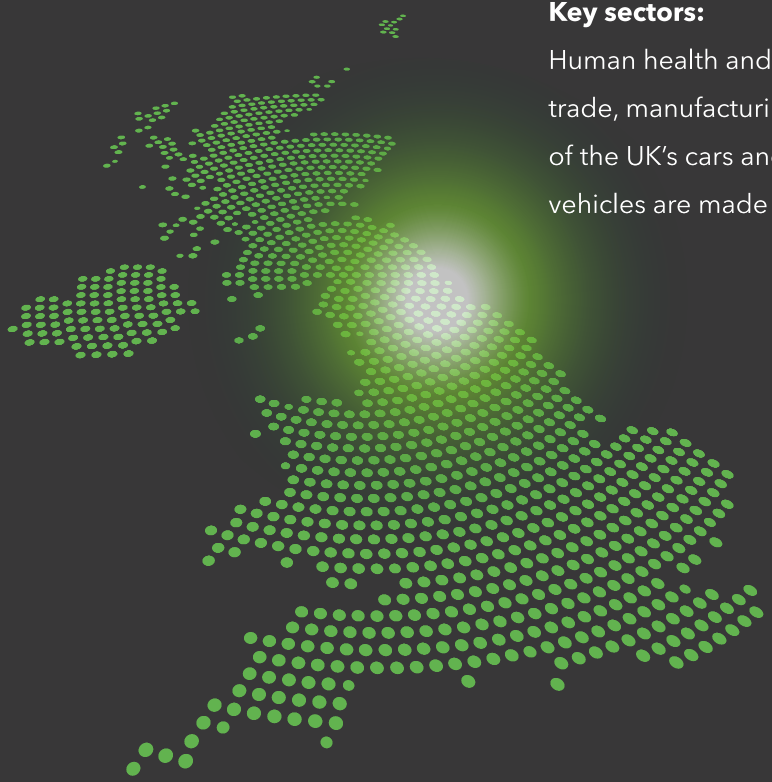
- House prices in London are now 12 times the average income, reaching unprecedented levels and making home ownership very difficult to attain (Office for National Statistics, March 2017)
- Nearly 5 million households in England face a problem with their housing affordability. The issue is severe in London where households on median incomes are estimated to spend 61% of their income on private rent (IPPR Renting Beyond Their Means report, 2020)
- In March 2020, the median monthly rent in London was £1,425, compared to £700 in England as a whole (Office for National Statistics)

North East of England

Pre-covid baseline

4%
UK population (2.66m)

2.9%
GDP (£63bn)



Key sectors:
Human health and social work, wholesale and retail trade, manufacturing and education. One in three of the UK's cars and a quarter of Europe's electric vehicles are made in the region

1.19m
employed in 2019

1.17m
estimated by 2021

Event polling

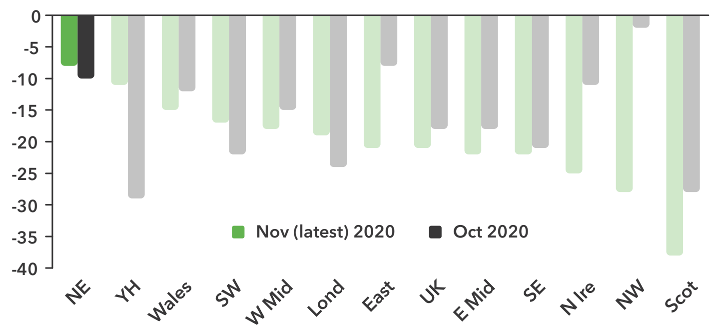
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Creation of regional growth funds **(48%)**
  - Grants to retain existing / take on new employees **(19%)**

42% of SMEs believe they are more innovative than 6 months ago

25% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Biofresh Group

At the start of lockdown, Biofresh, a food storage specialist in Northumberland, saw a massive surge in demand for sanitisation systems for sectors including care homes and public transport.

While the size of its operation meant that automation wasn't a practical option, Biofresh implemented several other initiatives to boost productivity and meet increased customer demand during lockdown.

"This (COVID-19) was probably our biggest challenge. It was a perfect storm. We've seen a big shift in the types of products we're producing at a time when many of our suppliers were working at reduced capacity. But it has given us a better understanding of their businesses and helped them understand our business better too, fostering a spirit of partnership and collaboration."

Jonathan Caisley,

Managing Director, Biofresh Group

Most relevant policy areas

- Efforts to increase connectivity must be stepped up to meet the Government's objective of achieving full fibre (with gigabit capable speeds) broadband rollout by 2025
- Greater coordination between charities, the public and private sectors can amplify current efforts and increase their positive impact

Digital skills insight

- An estimated 9 million (16%) of the UK population are unable to use the Internet and their device by themselves (Lloyds Bank UK Consumer Digital Index 2020)
- The North East has the second highest proportion of Internet non-users at 12.1%. 71% of people in the North East have basic digital skills, which is below the UK average of 79% (Office of National Statistics, Exploring the UK's digital divide)
- 17% of those in the North East lack the digital skills needed for everyday life, with 12% unable to connect a device to a Wi-Fi network, and 11% unable to turn on a device and log into accounts or profiles they have (Lloyds Bank UK Consumer Digital Index 2020)

North West of England

Pre-covid baseline

11%
UK population (7.3m)

9.7%
GDP (£207bn)

Key sectors:
Tourism, manufacturing and industrial processing, logistics and transport, pharmaceuticals and life sciences, digital, media and tech, retail and e-commerce

3.84m
employed in 2019

3.81m
estimated by 2021

Event polling

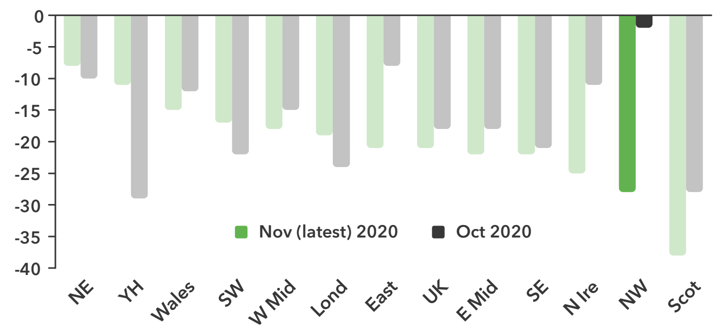
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Creation of regional growth funds (32%)
  - More local decision making by public bodies (27%)

41% of SMEs believe they are more innovative than 6 months ago

29% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Vision Support Services

Vision Support Services, a Blackburn firm who supply textiles to hospitality and retail customers across the world, has seen changes in all the sectors and markets it supplies as a result of the coronavirus pandemic.

The firm had to very quickly redeploy its resources to the international markets least affected by the pandemic. As a result, its sales doubled across China and the Middle East. The firm secured a number of contracts including supplying various construction projects for the Football World Cup 2022 in Qatar.

"I believe that for firms in the North West region who want to export, it will become increasingly important to carefully consider the best use of resources to target markets that have already re-opened or are well on their way."

Laurie Thomas,

Group Managing Director, Vision Support Services

Most relevant policy areas

- Barriers to EV adoption must be tackled holistically by focusing on charging infrastructure, cost and convenience. Long-term policy based on collaboration between government, businesses and local communities is needed to support EV expansion
- Market innovations to increase access to EVs are needed, including incentivising leasing EVs, creating a used market and investing in green public transport

Electric vehicles insight

- Transport is the fastest-growing contributor to climate change and accounts for 23% of global energy-related CO^2 emissions (EV100 initiative, The Climate Group)
- Just over one in ten (11%) UK consumers intend to make their next car purchase an electric vehicle. A third (33%) of consumers surveyed identified a lack of charging infrastructure as their main concern when considering the move to electric
- Conversely, 45% of consumers identified lower emissions and operating costs of EVs as a top driver to make the changeover (Deloitte's Global Automotive Consumer Survey)

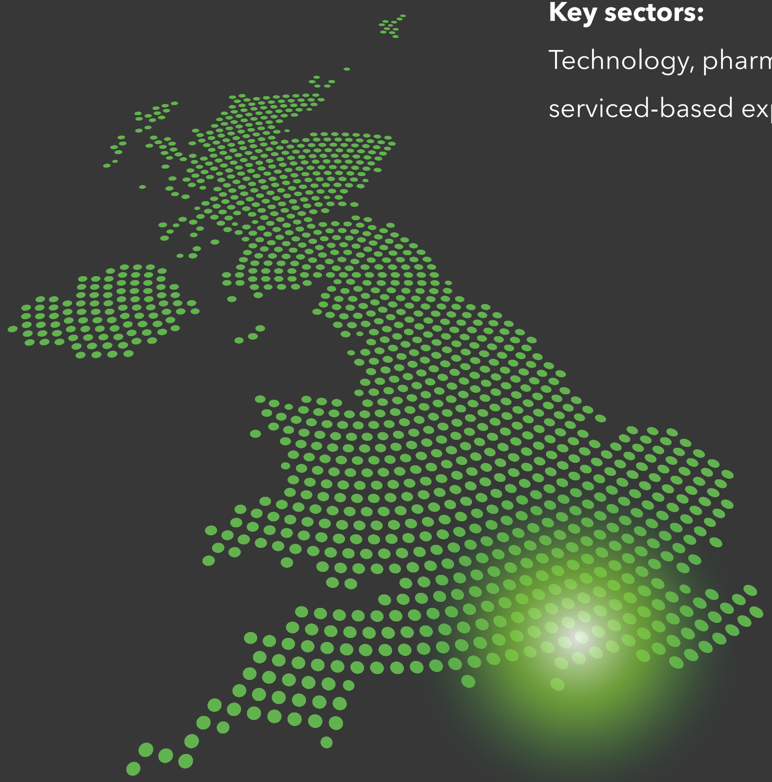
South East of England

Pre-covid baseline

13.7%
UK population (9.18m)

14.5%
GDP (£311bn)

Key sectors:
Technology, pharmaceuticals, aerospace/defence, serviced-based exports and financial services



4.97m
employed in 2019

4.95m
estimated by 2021

Event polling

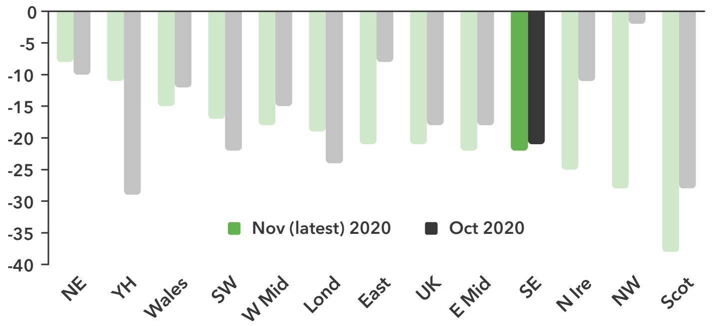
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Grants to retain existing / take on new employees **(39%)**
  - Stronger local business network **(22%)**

36% of SMEs believe they are more innovative than 6 months ago

32% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Criterion Ices

Criterion Ices, a family ice cream manufacturer, had invested in automation to increase efficiency. But unfortunately as demand for its products fell during lockdown, they had to make some staff redundant.

This meant remaining employees needed to take on a range of different roles. Criterion gave employees extra training so they had the skillset to succeed in the new roles they were being asked to fulfil. Criterion also switched to selling direct to consumers, opening up new opportunities by working with smaller independent customers.

"When demand from the hospitality sector plummeted, regrettably I was forced to make some staff redundant. However, we gave our remaining employees extra training which meant that they could then be more productive, working across a range of different roles."

Paul Myatt,

Managing Director, Criterion Ices

Most relevant policy areas

- Demand-side financial support measures can help address affordability. For example, introducing a government backed mortgage guarantee for loan-to-value lending as a replacement for the Help to Buy Scheme
- Devolution will allow for more targeted construction and help diversify supply. Greater collaboration between local authorities, SMEs, and investors can help identify the types of homes that the region needs

Affordable housing insight

- Nearly 5 million households in England face a problem with their housing affordability. In the South East the issue is severe, with households on median incomes estimated to spend 36% of their income on private rent (IPPR Renting Beyond Their Means report, 2020)
- Housing undersupply and affordability are acute issues in the region. 1 million families are on waiting lists for social housing in England overall, with only 290,000 homes available (Shelter, 2020)

South West of England

Pre-covid baseline

8.4%
UK population (5.62m)

7.4%
GDP (£158bn)

Key sectors:
Administrative and support services, financial and professional services, aerospace and defence, energy and food and drink

3.04m
employed in 2019

2.99m
estimated by 2021

Event polling

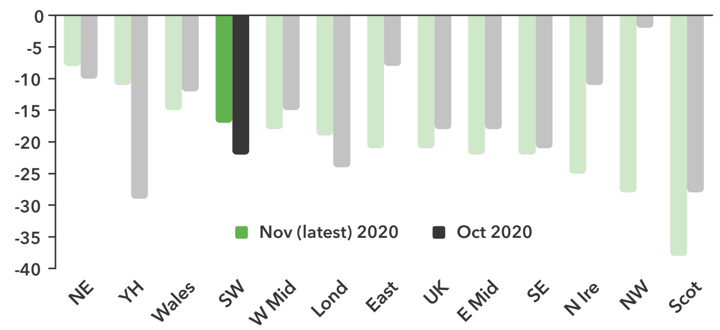
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Creation of regional growth funds **(29%)**
  - Grants to retain existing / take on new employees **(23%)**

29% of SMEs believe they are more innovative than 6 months ago

27% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Backhouse Housing

Regional housebuilding company Backhouse Housing saw significant disruption during lockdown, which resulted in them closing all their construction sites.

However, as a young organisation with cloud-based systems and laptops, the business was able to flex quickly to working from home, enabling them to operate remotely whilst protecting their team. This meant once it was safe to do so, sites and sales offices could be reopened efficiently, whilst observing the most stringent of hygiene and social distancing rules.

"For head office staff, they already had the infrastructure in place to make working from home easy. However, working remotely without face-to-face interaction still takes some getting used to. So to keep staff as connected as possible, communicating and acknowledging that things are a little out of the ordinary is key."

Theo Backhouse,

Founder, Backhouse Housing

Most relevant policy areas

- Investment in retrofitting homes with measures to make them more sustainable is not only seen as environmentally desirable, but also as a good way to increase employment
- Integrating low carbon solutions into recovery packages could help motivate businesses to invest in energy efficiency. Longer-term policy initiatives include investing in the necessary infrastructure to decarbonise transport

Sustainability insight

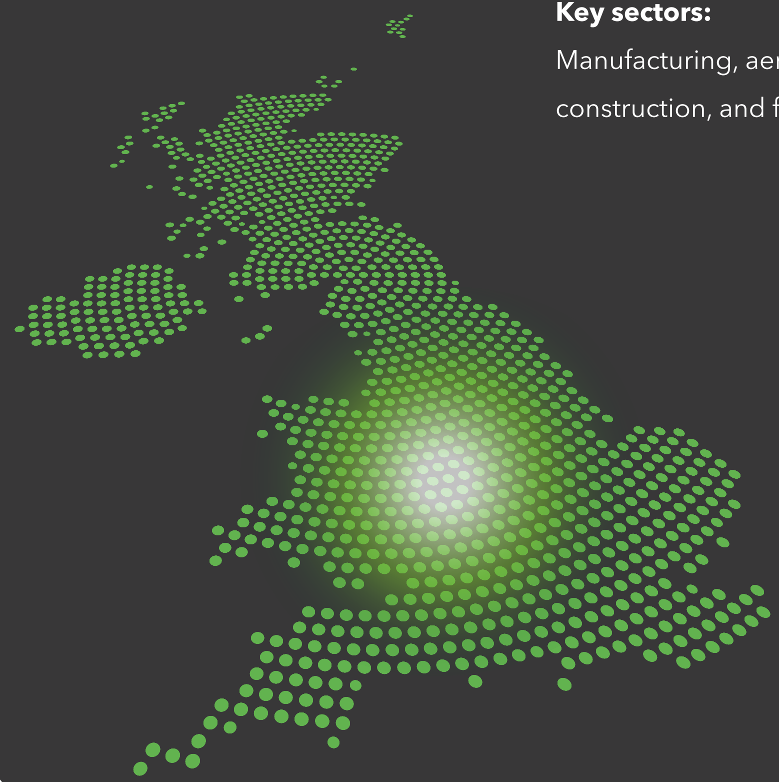
- Daily emissions of CO² dropped by 17% during the peak of lockdown vs. 2019 (Study by the University of East Anglia, 2020)
- The South West has the highest proportion of energy-inefficient dwellings in England, and the issue is particularly prevalent in West Somerset where only 45% of homes had gas central heating, while 22% had oil heating, more than five times the national average (Somerset Intelligence, 2020)
- Bristol council has reduced its emissions by 71% since 2005

West Midlands

Pre-covid baseline

4.3%
UK population (2.93m)

7.5%
GDP (£160bn)



Key sectors:
Manufacturing, aerospace and engineering, construction, and financial and professional services

2.95m
employed in 2019

2.89m
estimated by 2021

Event polling

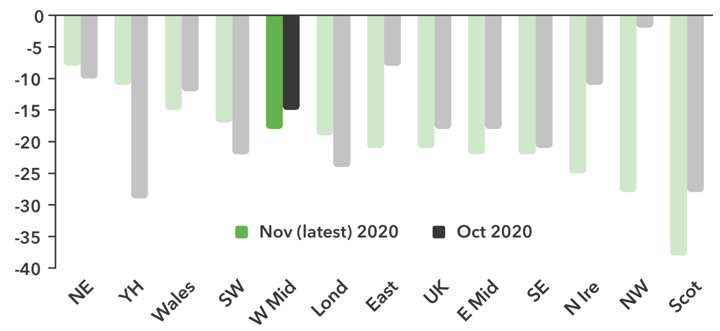
- **SMEs believe the following two initiatives will support recovery in their region:**
  - Grants to retain existing / take on new employees **(37%)**
  - Creation of regional growth funds **(27%)**

44% of SMEs believe they are more innovative than 6 months ago

38% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Halfpenny Green Wine Estate

Award-winning wine producer Clive Vickers crafts a range of different white and red wines, as well as sparkling white, pink and red wines. The wines are produced at Halfpenny Green Wine Estate and it's a family affair, with his father Martin tending to the crops and his wife Lisa managing the business, shop, restaurant, deli and tea room on the site.

During lockdown, Halfpenny Green has had to work hard and adapt its focus to meet a rise in online wine sales. But the adaptation has paid off significantly, allowing the company to reach both new and existing customers.

"We've shown how resilient our business can be by adapting our retail operation to support a shift towards buying online and bringing in new safety protocols. This has allowed us to return to eighty percent of our pre-crisis operating levels."

Clive Vickers,

Owner, Halfpenny Green Wine Estate

Most relevant policy areas

- Growth hubs at LEPs can play a role in helping business access consolidated support. They can empower businesses and SMEs to navigate complex situations by providing advice on skills, apprenticeships, training opportunities and grants
- Matching business needs with training provisions will boost long-term recovery. An integrated growth plan could identify critical sectors that will drive the region's economic recovery

Upskilling insight

- Up to 45,000 18-24 year olds within the region could be left unemployed because of the pandemic (Regional office of the PCC based on Resolution Foundation Report, June 2020)
- Only 41% of employers in the Black Country are aware of the Apprenticeship Levy (Employers Skill Survey, 2019)

Yorkshire and the Humber

Pre-covid baseline

8.2%
UK population (5.48m)

6.6%
GDP (£141bn)

Key sectors:
Digital and media, financial and professional services, logistics and transport, agriculture, farming and fishing, tourism, and food & drink

2.75m
employed in 2019

2.67m
estimated by 2021

Event polling

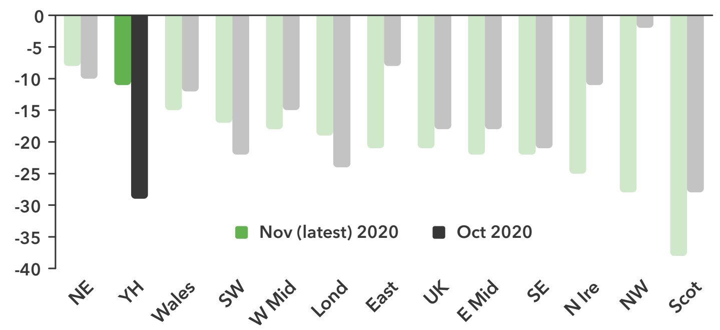
- SMEs believe the following two initiatives will support recovery in their region:
  - Tax breaks **(58%)**
  - Creation of regional growth funds **(17%)**

60% of SMEs believe they are more innovative than 6 months ago

27% of SMEs believe they are more resilient than 6 months ago

Business confidence

Overall business confidence, % net balance



Lloyds Bank Business Barometer (November 2020)

Company Shop Group

Company Shop Group operates a network of 16 stores across the UK which stock and redistribute surplus food and household goods. When the pandemic hit, the company faced a significant challenge around how to continue reaching its customers.

The business decided to emphasise offering in-home care parcels. They collaborated with local authorities and community agencies to ensure these were distributed to those who needed them most. By doing this, they have been able to continue delivering environmental benefits and life-changing social impact across all the communities they work with.

"Our profit and purpose driven business model meant that we could quickly adapt our offer to meet new needs and circumstances, continuing to drive down industry waste and deliver much needed services and support to all of our members."

Jane Marren,
Managing Director, Company Shop Group

Most relevant policy areas

- Demand-side financial support measures can help address affordability. For example, introducing a government backed mortgage guarantee for loan-to-value lending as a replacement for the Help to Buy Scheme
- Incentives and investment in skills can help support the move to sustainable housing. Investment in skills, and providing incentives such as extending the Green Homes Grant, tax rebates and new products including green mortgages will help address affordability

Housing insight

- The price of a North Yorkshire home is 9.7 times the average annual salary (Data North Yorkshire, 2020)
- The average house price value within the region overall is lower than the UK average (£165,561 vs £234,612), but in desirable districts the average property costs nearly £400,000
- Average salaries in cities where prices are higher, such as Leeds and Bradford, remain lower than the £37,400 UK average, at £34,900 and £29,900 respectively (Right Move, 2020)

Thank you for joining the conversation:

Scotland

Stephen Lewis, Managing Director, HFD Property Group

Colin King, CEO, Omega Diagnostics

Stephen Flynn MP, Aberdeen South and SNP Deputy Treasury Spokesperson

Alan Thornburrow, Scotland Director, Business in the Community

Dan Rose-Bristow, Managing Director, The Torridon Resort

Garry Clark, Development Manager, Federation of Small Businesses

Gareth Williams, Head of Policy, Scottish Council for Development and Industry

Jane Martin, Managing Director, Business Services & Advice, Scottish Enterprise

Marc Crothall, Chief Executive, Scottish Tourism Alliance

Liz McAreavey, Chief Executive, Edinburgh Chamber of Commerce

James Hurley, Enterprise Editor, The Times

Wales

Sion Pritchard, Managing Director, Pet Place

Hannah Williams, CEO, Tiny Rebel Brewery

Ben Lake MP, Ceredigion

Tonia Antoniazzi MP, Gower

Helen Antoniazzi, Director of Policy and Communications, Chwarae Teg

Amy Dutton, Citizens Advice Policy Officer, Wales

Akmal Hanuk, Founder & CEO, Assadaqaat Community Finance UK

Adrian Nicholas, Service Manager Mental Health and Money Advice Service, Hafal

Vanessa Northam, Head of Strategic Relationships, StepChange (also at Northern Ireland event)

Lee Phillips, Wales Manager, Money and Pensions Service Wales

Northern Ireland

Paula Bradley, MLA, North Belfast, Democratic Unionist Party

Paula Bradshaw, MLA, South Belfast, Alliance Party

Elaine Black, Operations Director, Mindwise

Janine Maher, Northern Ireland Manager, Money and Pensions Service

Sarah Murphy, Associate Director for Advice, Information & Training, Rethink

Sinead Campbell, Head of Money Debt and Quality, Advice NI

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Brenda McMullan, Executive Director, Halifax Foundation, Northern Ireland

East Midlands

Clive Vickers, Owner, Halfpenny Green Wine Estates (Midlands Phase 1)

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Sajeeda Rose, CEO, D2N2 Local Enterprise Partnership

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Mark Hattersley, Chief Financial Officer, Clarion Housing Group

North East

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Peter Truscott, CEO, Crest Nicholson

Tom Paul, Director of Treasury & Commercial, Optivo

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Ninder Johal, Board member, Black Country LEP

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James Wilde, Head of Sustainability

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