

Business Support for Lancashire Businesses

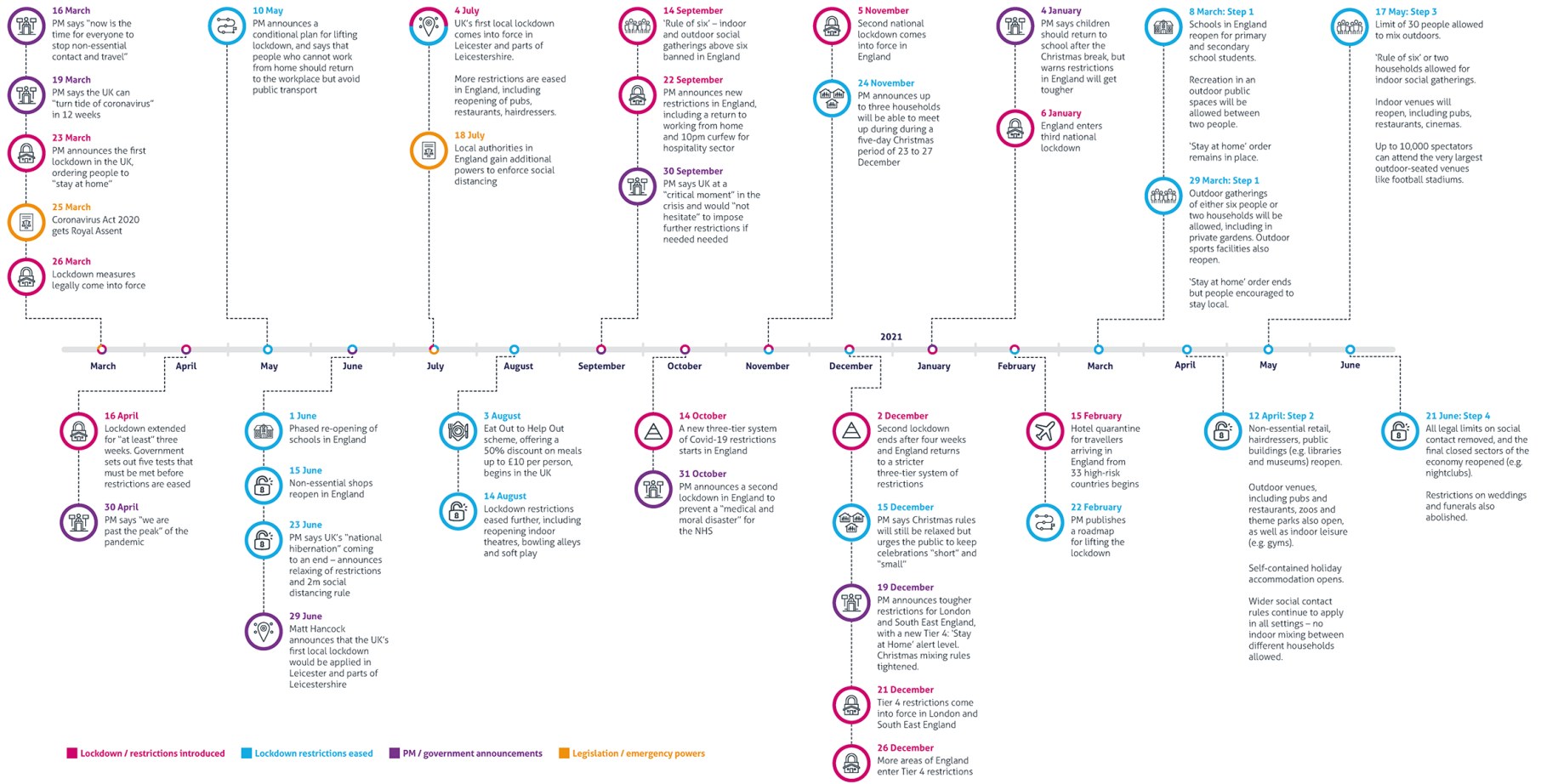
COVID-19 take-up and ongoing recovery support

Content

- Timeline (AW)
- National Business Support Offer (AW)
- Local ERDF Grants (AW)
- Local Business Support Provision (Boost) (AL)
- Financial Support Offer (AV)
- Skills and Employment (AW)
- Early thoughts on Impact (AW)

COVID-19 Business Support - a timeline

Timeline of UK government coronavirus lockdowns, March 2020 to June 2021



The National Business Support Offer

- content
- take-up in Lancashire

National Business Support Offers

1. Coronavirus Business Interruption Loan Scheme (BBB registered lenders) – **by application**
2. Coronavirus Job Retention Scheme “Furlough” (HMRC Portal) – **by application from June**
3. Self-employment Income Support Scheme (HMRC June) – **automatic based on existing records**
4. Coronavirus Large Business Interruption Loan Scheme (BBB registered lenders) – **by application**
5. Business Rates Holiday for Retail, Hospitality and Leisure (Local Authorities) – **by application**
6. Cash Grant for Retail, Hospitality & Leisure (Local Authorities) – **automatic based on existing records**
7. Small Business Grant Funding (Local Authorities) – **automatic based on existing records**
8. Statutory Sick Pay Rebate (2 weeks) – **in development**
9. Support for Businesses Paying Tax (Time to Pay)
10. Covid-19 Corporate Financing Facility (Bank of England)
11. Business Rates Holiday for Nurseries (Local Authorities)
12. VAT deferral
13. Deferral of Self-Assessment payment (from 31 July 2020 to January 2021)

Local ERDF Grants

Lancashire Take-up European Regional Development Fund Covid 19 Grants

- Announced by Government July 2020 with LCC, delivering on behalf of Boost, receiving approval late August 2020
- Objective to support SMEs (& smaller) with specialist support/ small items of equipment to support recovery from covid/adapt to trading conditions
- Grants focused on items of small equipment , less than £5,000 per item & maximum grant size £5,000 – no revenue costs
- Two funding streams worth £1.5m in total -
 - Kickstart Grant (Visitor Economy) worth £400,000
 - Boost Your Recover (Wider Economy) worth £1.1m
- Significant level of initial demand prior to the grant programme opening
- Two stage process
 - Expression of Interest in order to assess eligibility for grants, 1000 received worth £3m
 - 592 businesses Invited to Full application with proposals worth £1.7m
- 371 Full Applications returned with 346 Approved and Paid – worth £1.1m

Lancashire Take-up European Regional Development Fund Covid 19 Grants

- ❑ Grants initially significantly overbid but due to the focused nature of the grants they were not appropriate to all businesses who enquired
 - Small items of equipment only, revenue only
 - Value for Money requirement necessitated obtaining quotes for relatively small grants
 - Business required to pay upfront and then reimbursed
 - Range of other funds available
 - Co incided with delays in deliveries in winter 2020
 - Delays in delivering grants due to the nature of the process and audit requirements
- ❑ Lessons Learnt
 - Evidenced need for support for sole/micro businesses who have had little/no engagement with the public business support programmes
 - Requirement to ‘hand hold’ businesses through the application process (as with the EU LEADER programme) but not possible in this programme due to volumes
 - Positive impact of small grants, they can really make a differences (despite cost of admin vs. size of grant)

Lancashire Take-up European Regional Development Fund Covid 19 Grants

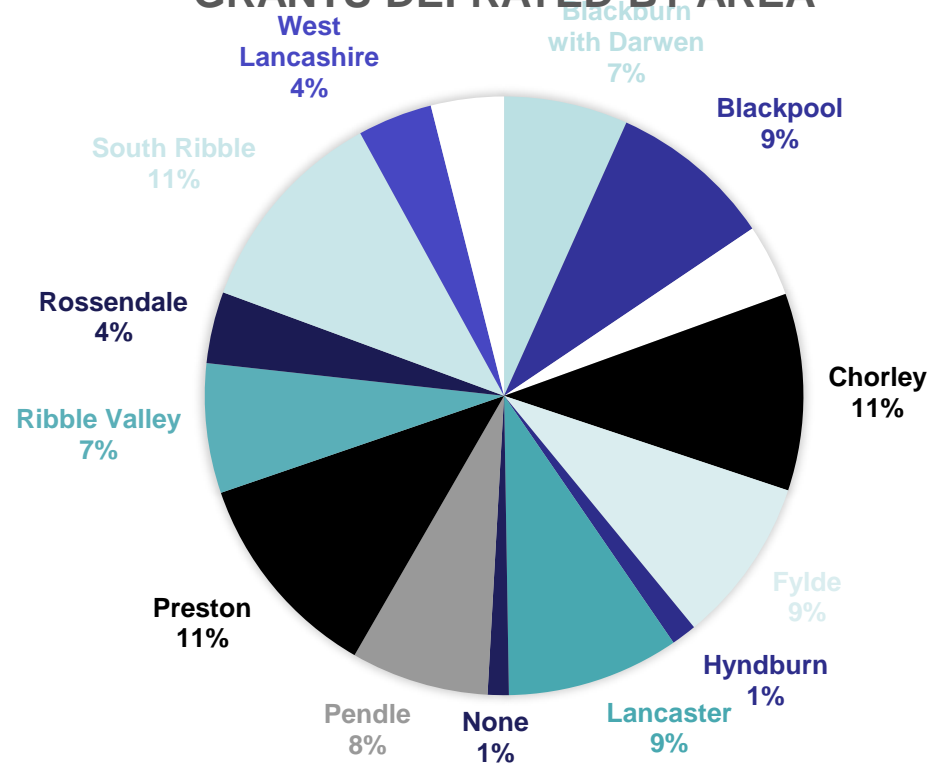
❑ Lessons learnt

- Ability to deliver grant programmes using virtual teams (in this instance led by Business Growth, supported by wider ED, Skills, Planning, Finance and Customer Access colleague).
- All processes can be web based/ managed electronically including guidance, legal agreements, claims and payments (Clean sign off from internal audit post programme completion).
- Need to ‘prepare the ground’ for grant programmes to develop pipeline but also ensure they are as effective/targeted as possible
- Expression of Interest Stage to enable a quick sift to determine eligibility.
- Possible to develop an online grant funding programme, with complex criteria, from scratch and deliver first grants within 3 months of starting (on top of ‘day jobs’)
- Need longer delivery period (9 months+) to give businesses time to spend

Lancashire Take-up European Regional Development Fund Covid 19 Grants

Blackburn with Darwen	£	74,228.44
Blackpool	£	98,234.46
Burnley	£	43,290.67
Chorley	£	117,987.94
Fylde	£	99,090.26
Hyndburn	£	15,135.57
Lancaster	£	103,251.22
None	£	12,606.59
Pendle	£	82,492.66
Preston	£	126,574.39
Ribble Valley	£	77,544.62
Rossendale	£	42,862.21
South Ribble	£	126,422.89
West Lancashire	£	44,726.97
Wyre	£	43,660.48

GRANTS DEFRAID BY AREA



Local Business Support Provision

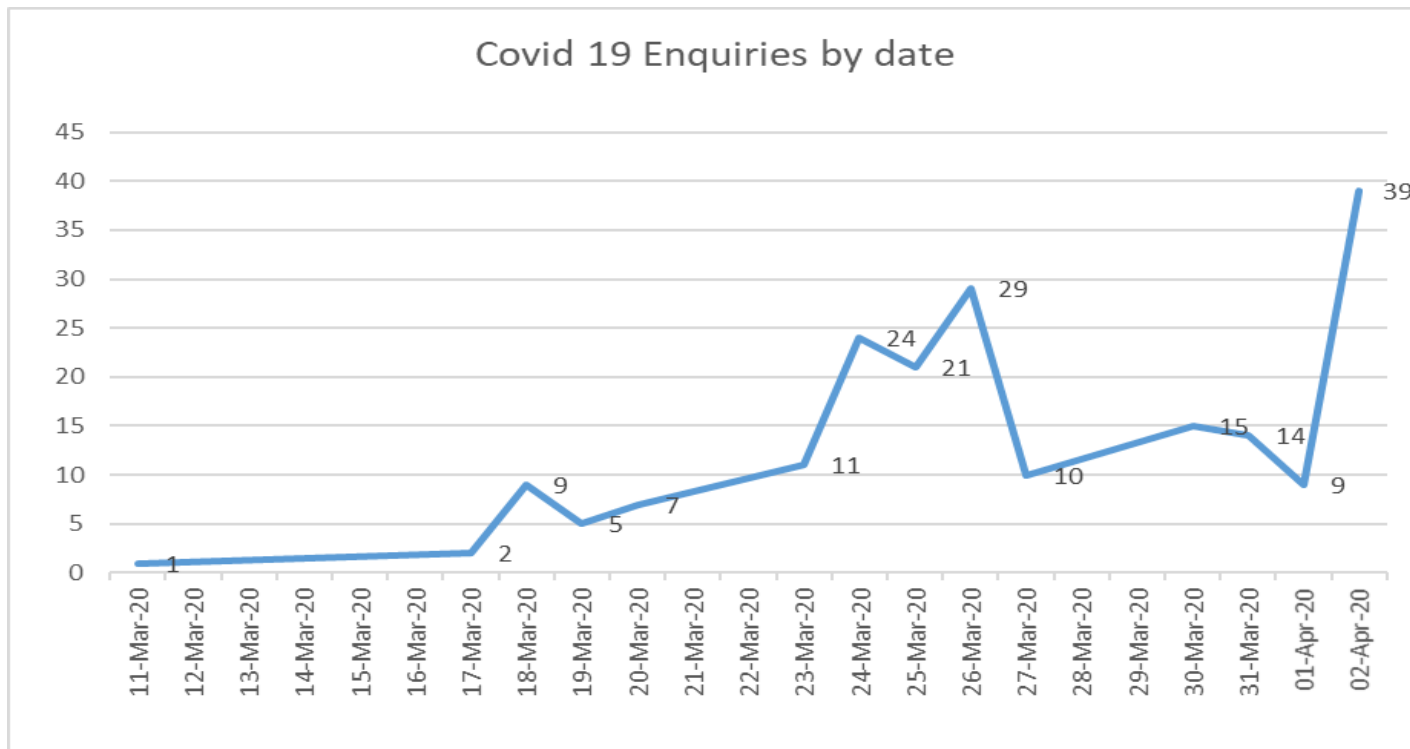
National Business Support Helpline COVID-19 Queries - March 2020

* Note differing scale of Growth Hub geographies

	Calls to the National Business Support Helpline concerning Coronavirus by Growth Hub	Call vol
1	London Growth Hub	651
2	Leeds City Region Growth Hub	256
3	GC Growth Hub (Manchester)	232
4	North East Growth Hub	212
5	D2N2 Growth Hub	176
6	The Growth Hub (SEMLEP)	171
7	BEST Growth Hub (Business Essex, Southend and Thurrock)	166
8	Greater Birmingham & Solihull LEP Growth Hub	166
9	Boost Business Lancashire	154
10	Coast To Capital Growth Hub	151
11	Local Growth Hub Liverpool City Region	148
12	Heart of the South West Growth Hub	142
13	Sheffield City Region Growth Hub	136
14	Kent and Medway Growth Hub	119
15	New Anglia	112
16	Signpost 2 Grow (Greater Cambridge Greater Peterborough Growth Hub)	110
17	Enterprise M3 Growth Hub	100
18	How's Business (York, N. Yorks & East Riding Growth Hub)	96
19	Hertfordshire Growth Hub	94
20	Stoke & Staffordshire Growth Hub	89

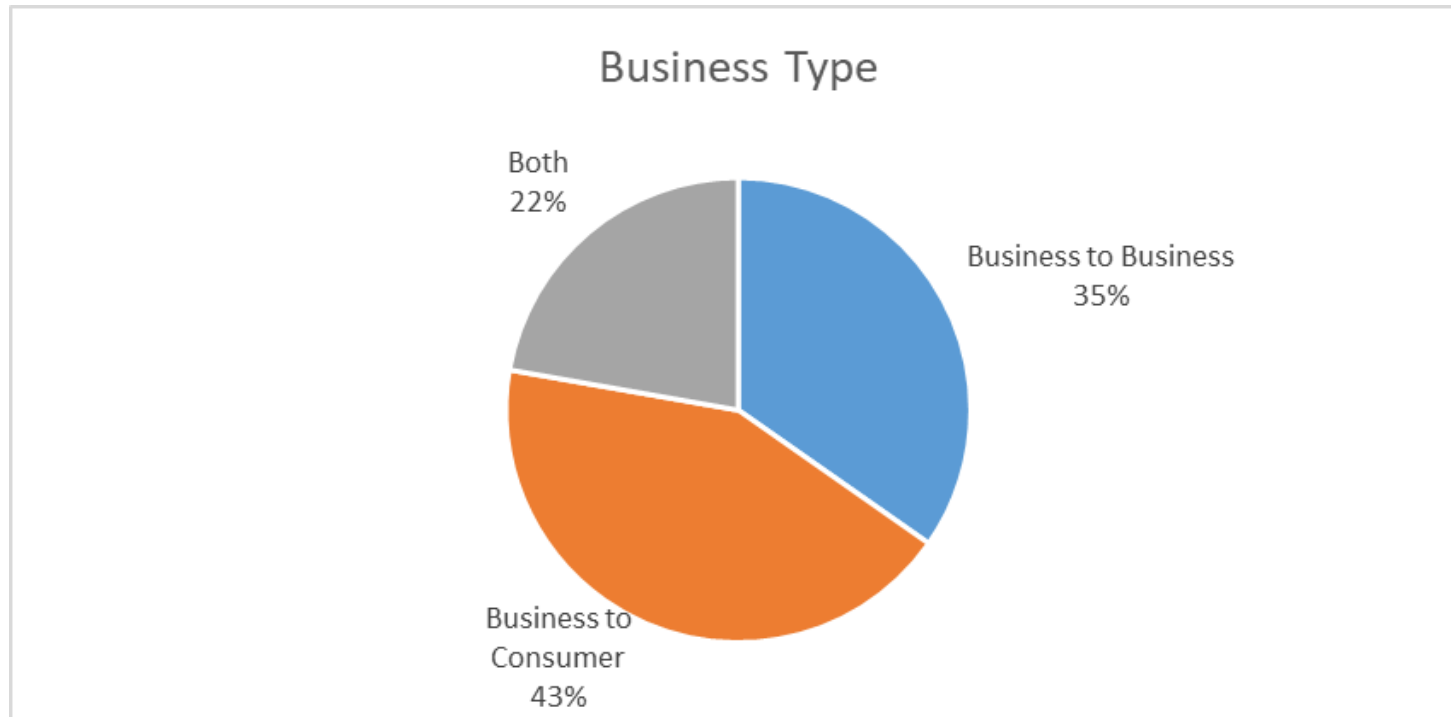
	Calls to the National Business Support Helpline concerning Coronavirus by Growth Hub	Call vol
21	Cheshire & Warrington Growth Hub	87
22	Humber	82
23	West of England Growth Hub	82
24	Leicester & Leicestershire Growth Hub	81
25	Black Country Business Growth Hub	74
26	CWLEP Growth Hub (Coventry & Warwickshire)	70
27	Solent Growth Hub	65
28	Tees Valley Business Compass	63
29	Dorset Gateway	61
30	Marches Growth Hub	58
31	Cornwall & Isles of Scilly Growth & Skills Hub	55
32	Worcestershire Business Central	52
33	Cumbria Growth Hub	51
34	Swindon & Wiltshire Growth Hub	51
35	Business Lincolnshire Growth Hub	49
36	Gloucestershire Growth Hub	47
37	Buckinghamshire Business First	45
38	Thames Valley Berkshire Business Growth Hub	42
39	OxLEP Growth Hub	39
40	Business East Sussex Growth Hub	33

Boost Call data



Business Type

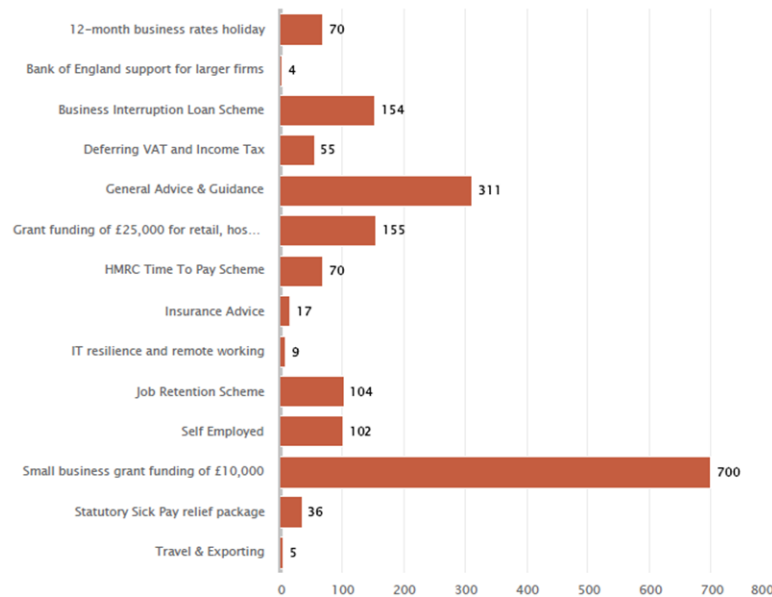
(Boost only formerly dealing with B to B and some Both)



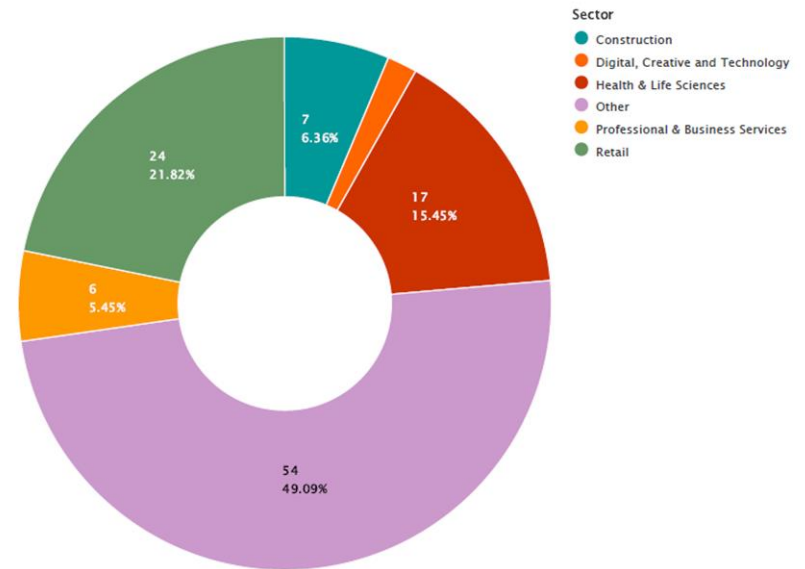
Local Authority Call Data

- 909 companies at this stage
- Covering 5 of 12 local authorities

Enquiries by Support Options



Jobs Lost



Boost: April – Sept 2020

- Light touch business enquiries 6 months 1,222 compared to 1,265 for the previous financial year
- Web traffic for 6 months 25,185 compared with 12month previous financial year 33,284
- Medium and High interventions are as expected lower;
 - Medium P13 3 hours 139, for the year previous 461
 - High C1 12 hours 105, for the year previous 443

Boost Performance

- In addition, c. **£328k** of BEIS funding per annum is used to provide sector specific support and assist beneficiaries who do not fit ERDF eligibility criteria.
- In 20/21 and 21/22 Boost grant increases to **£508k** to cover additional work on COVID and local feedback on BREXIT impact

Boost Performance

- Boost also delivers the **Peer Networks programme** [Phase 1, 1st April 2020 – 31st March 2021 and Phase 2, 1st April 2021 – 31st March 2022] for Lancashire, which has a total project value of **£840,000**.

Wider Support Offer



Access to Finance Lancashire

Overview

- Access to Finance is a joint funded service funded by Lancashire County Council and ERDF funds, delivered by The Business Growth Hub which is part of the Growth Company.
- The service is delivered across the County of Lancashire with 4 staff who have extensive experience in commercial lending and equity investment.
- Support Lancashire SME businesses and entrepreneurs who desire to start up, scale up and grow by accessing funding and in turn create new jobs, bring new products and services to the market.

COVID-19 Response

- Opened up support to all businesses in need across the county despite not being able to claim outputs in all cases.
- COVID crisis discussions and resilience support
- Cash Flow reviews
- Grant support
- Signposting
- Understanding Government policy and support
- Funding applications
- Business Plan reviews
- Access to cash
- Critical friend

Government Backed Funding Mechanisms

The Coronavirus Business Interruption Loan Scheme (CBILS)

- £595m of loans offered across Lancashire (Source BBB)
- A2F supported business with £3.9m of CBILS funding

The Bounce Back Loan Scheme (BBLs)

- £996m of loans offered across Lancashire (Source BBB)
- A2F supported 25 businesses with £922k of BBLs funding

Business owners were encouraged to apply directly with own banks, without much guidance or a full understanding.

- These schemes came to an end in March 2021 - with repayments on many loans due in spring and summer of 2021
- Follow on schemes such as “Pay As You Grow” will allow some businesses an element of latitude to repay
- The Recovery Loan Scheme (RLS) was launched on the 06/04/2021 which in effect replaces CBILS & BBLs as the British Business Bank’s main COVID-19 lending recovery tool.
- Currently there appears to be relatively little demand for this scheme. Perhaps, this is due to the level of debt that that already exists within the business community.
- We are currently waiting for the British Business Bank to provide data around the take up of RLS

Government Backed Funding Mechanisms

CBILS & BBLs Offered by County & District

County	District	CBILS		BBLs		TOTAL		
		Number of Loans Offered	Value of Loans Offered (£)	Number of Loans Offered	Value of Loans Offered (£)	Number of Loans Offered	Value of Loans Offered (£)	% (£)
England (UA/MD/LB)	Blackburn with Darwen	255	£61,544,192	3,472	£113,719,250	3,727	£175,263,442	11.01%
England (UA/MD/LB)	Blackpool	130	£30,439,974	3,397	£82,966,436	3,527	£113,406,410	7.13%
Lancashire	Burnley	114	£29,765,236	1,701	£51,094,921	1,815	£80,860,157	5.08%
Lancashire	Chorley	222	£62,851,957	2,521	£71,497,927	2,743	£134,349,885	8.44%
Lancashire	Fylde	133	£33,075,570	2,516	£72,168,037	2,649	£105,243,607	6.61%
Lancashire	Hyndburn	107	£25,542,621	1,584	£47,960,639	1,691	£73,503,260	4.62%
Lancashire	Lancaster	160	£38,414,595	2,412	£68,000,408	2,572	£106,415,003	6.69%
Lancashire	Pendle	131	£29,090,880	1,955	£60,234,869	2,086	£89,325,749	5.61%
Lancashire	Preston	235	£74,503,317	3,386	£109,968,326	3,621	£184,471,643	11.59%
Lancashire	Ribble Valley	115	£35,163,846	1,899	£57,829,722	2,014	£92,993,568	5.84%
Lancashire	Rossendale	125	£27,014,765	1,542	£43,305,994	1,667	£70,320,759	4.42%
Lancashire	South Ribble	203	£42,072,538	2,258	£63,121,606	2,461	£105,194,144	6.61%
Lancashire	West Lancashire	232	£60,158,478	2,787	£81,019,233	3,019	£141,177,711	8.87%
Lancashire	Wyre	150	£45,519,315	2,726	£73,269,963	2,876	£118,789,278	7.46%
Totals		2,312	£595,157,283	34,156	£996,157,331	36,468	£1,591,314,614	100.00%

The Challenge

- Due to the COVID-19 pandemic many businesses have sought financial support to survive, pivot and rebuild their business.
- However, most of the funding solutions delivered by HM Treasury have involved businesses taking on new or additional debt.
- The CBILS & CLBILS schemes were rolled out followed by BBLs, resulted in huge volumes of businesses taking on debt they perhaps wouldn't have done.
- Debt continues to sit on the balance sheet with both the business and business owners being liable.
- The effect for businesses is that to acquire additional debt funding may prove even more difficult as business are more highly geared and have less headroom when it comes to debt serviceability.

The Solutions

The Access to Finance team have identified that this problem is yet to fully manifest itself and identified that largely equity funding options have been overlooked. Perhaps due to;

- Lack of awareness of equity options
- Lack of understanding of the process
- Reluctance to 'Give away' equity and other incorrect pre-conceptions
- Perceived loss of control of their business
- Lack of understanding around correct valuations
- The negotiation process & terms sheets and offers
- Dragon Dens being the perceived process for equity

The team have created a programme under their existing offering to support SME's seeking equity funding.

Support is provided through the entire process by a dedicated advisor who can provide guidance on;

- Pitch presentations
- Business plan writing
- Financial forecasting
- Valuations (via a new tool)
- Term sheets & investor negotiations

The Future of Funding

- The kind of funding required by SMEs into 2022 will depend on how they fared during lockdown and what debt a business took on in order to survive, grow or simply to take advantage of preferable rates.
- Many will need to access the alternative funding market and be prepared to engage with multiple funders offering a range of options.
- We do expect to see demand for acquisition finance to grow, as stronger companies acquire smaller competitors to increase market share.

In addition to equity investment for growth we anticipate seeing increased requirements for the following:

- **Asset based lending**
 - Invoice finance and supply chain finance commonly known as trade finance.
 - These working capital facilities have proved beneficial as a flexible form of revolving finance.
- **Innovative new lending products**
 - Revenue-based lending where repayments are based and parallel with revenues
 - Facilities offered without Personal Guarantees, or other security.
 - With the spike of e-commerce during the pandemic this has proved an alternative to traditional bank loans for early-stage e-commerce businesses.
- **FinTech Solutions**
 - FinTech solutions integrate with their clients accounting software in order to provide rapid funding
 - Also provide credit insurance, credit control functions and customer insight on a real time basis assisting in reducing potential bad debts.
- **Start Up Businesses**
 - In Lancashire we have seen a rise in the number of start-ups, either from redundant workers setting up on their own or entrepreneurs spotting a gap in the market due to structural changes.
 - We continue to support these start-up businesses with their business plans and financial forecasts in order to access British Business Bank's Start Up Loans scheme.

Continued Role of A2F

- The A2F Lancashire team will raise awareness of the funding options by marketing demonstrating our awareness, knowledge and understanding of these funding options.
- We understand that often business owners can be time poor, so we want to promote and highlight the value the service can provide in navigating the complex marketplace.



 Access to
Finance
Lancashire

Unlocking finance for Lancashire's SMEs

0808 196 5099

a2flancashire.growthco.uk

 Lancashire
County
Council

 European Union
European Regional
Development Fund



Business led Solutions / Response to need

- National Business Mobilisation
 - Ventilators
 - PPE
 - Hand sanitiser
- Local responses
 - HEI health links to local NHS trusts – HIC Lancaster
 - NWLC / PPE www.coronasupportgroup.co.uk
 - Manufacturing www.Covid19cluster.co.uk

Chamber Helpline and other activity

- 296 calls taking over 800 hours of staff time to resolve
- Main topics
 - Working through CBILS process
 - Process for evidencing and recording furlough activity
 - Proof of Key Business / Key Worker status to access school provision
- Webinars averaging 200 participants
- Ongoing impact on membership, income generation activity and sponsorship

Skills & Employment Support

- **Skills Swap**
 - Digital notice board to offer skills, expertise and knowledge or request support: circulating skills and knowledge between businesses
- **www.SkillsforWork.info**
 - Launched with over 50 partners, a single place for Lancashire people to search offers of support including for those furloughed, facing redundancy, looking for work or 16-24 years
 - Microsite was launched in July 2020 and has received over 17,500 views & over 3,000 click throughs to partner websites
- **Labour Market Intelligence**
 - Stakeholder Briefings to help inform skills and employment provision

Skills & Employment Support


- **Redundancy Task Force**
 - Coordinated offer with DWP, National Careers Service and providers: one point of contact, clear communication, maximising use of funded support
- **Post 16 Officers Group**
 - Focus on destinations and transition support for young people
- **Supporting unemployed people to pivot to jobs**
 - Digital Skills Bootcamps roll out across Lancashire
 - Sector Skills Work Academies – for example, moving 121 people into jobs in vaccination centres



Skills & Employment Support

- **Pivot to Virtual, for example:**
 - Investment in **'Start in Lancashire'** providing virtual employer encounters & experiences and insights into Apprenticeships, FE and HE – supporting 154 schools and colleges to continue to provide inspirational careers programmes
 - Two virtual LearnLive events, supporting young people to make decisions regarding Post 16 options
 - TeenTech Festival with Maggie Philbin and team – 850 young people engaged in virtual workshops and competitions, raising profile of tech careers
 - Virtual Cyber Girls event in Blackpool, inspiring 60 girls to pursue a career in digital and cyber

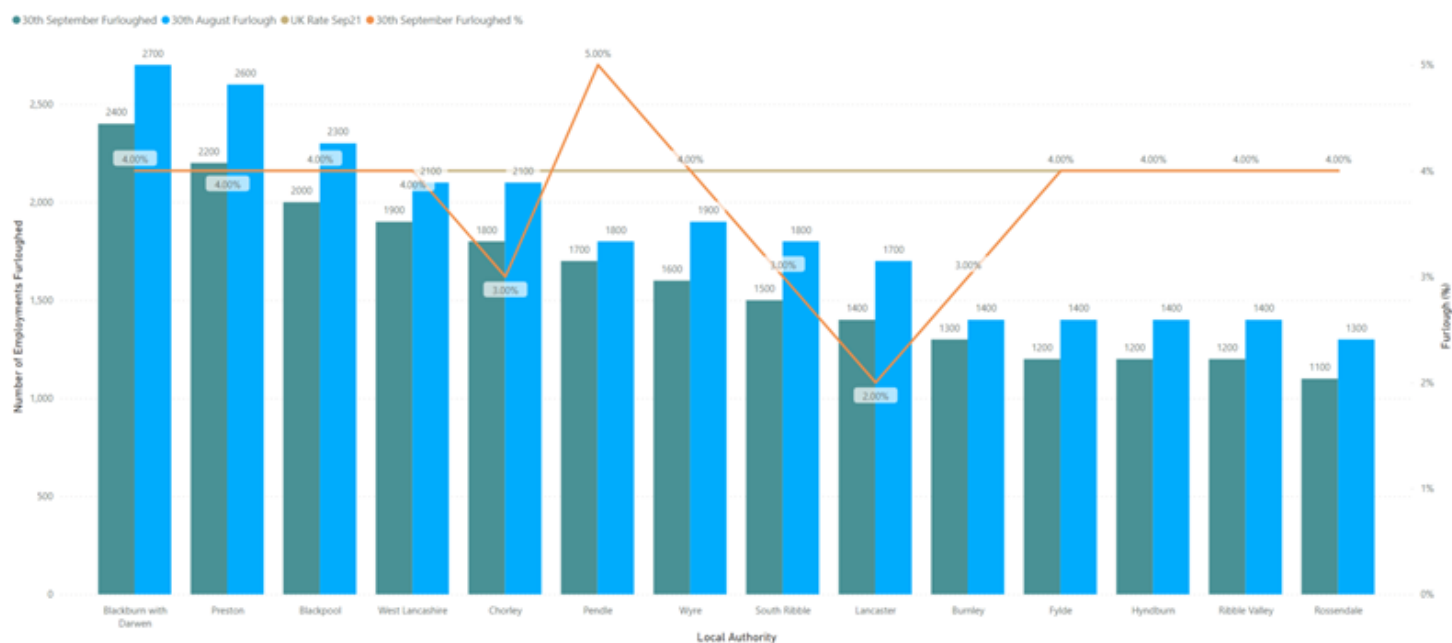
Skills & Employment Support

- Compendium of digital skills support compiled for businesses and people on Digital Skills Partnership web pages
- Supported over 100 independent retailers and businesses with digital skills to boost their profile and engage in e-commerce with  **lockworkCity**
- Digital Freedoms 50+ - partnership with Selnet & community-based organisations: over 500 devices plus data distributed to disadvantaged 50+ with training

Early Thoughts on Impact and on-going monitoring

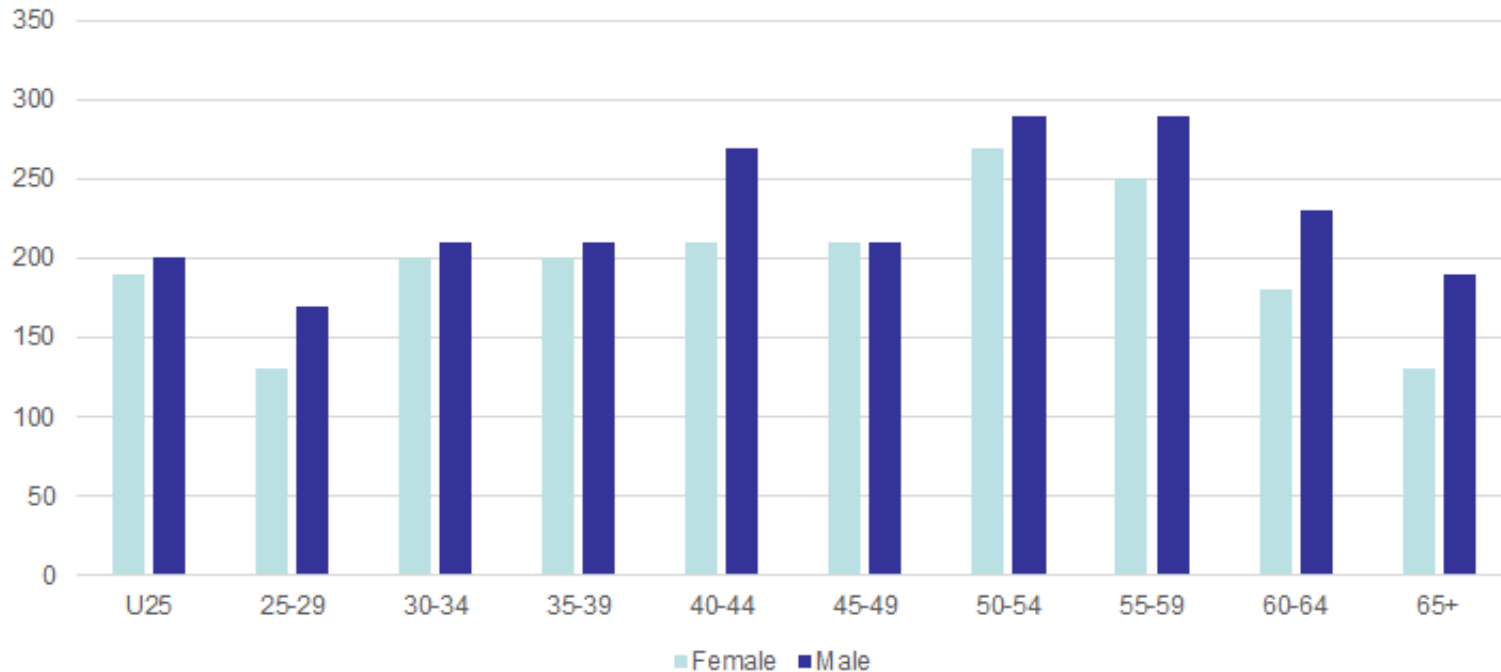
Furlough by Local Authority

- Rate of furlough of employments gives some insight into jobs which have been in stasis for the last two months of the scheme.
- The data covers employments furloughed up until 30th September and is expressed by percentage of and number of eligible employments furloughed
- As of 30th September 2021, 3.6% of Lancashire employments that were eligible to be furloughed had been furloughed, this is slightly below the national figure. There is significant variation across the districts, with Pendle experiencing the highest in Lancashire (5%).
- At the end of the scheme, there were 22,500 who were on furlough, at it's peak there were 101,000 people in Lancashire who were furloughed.



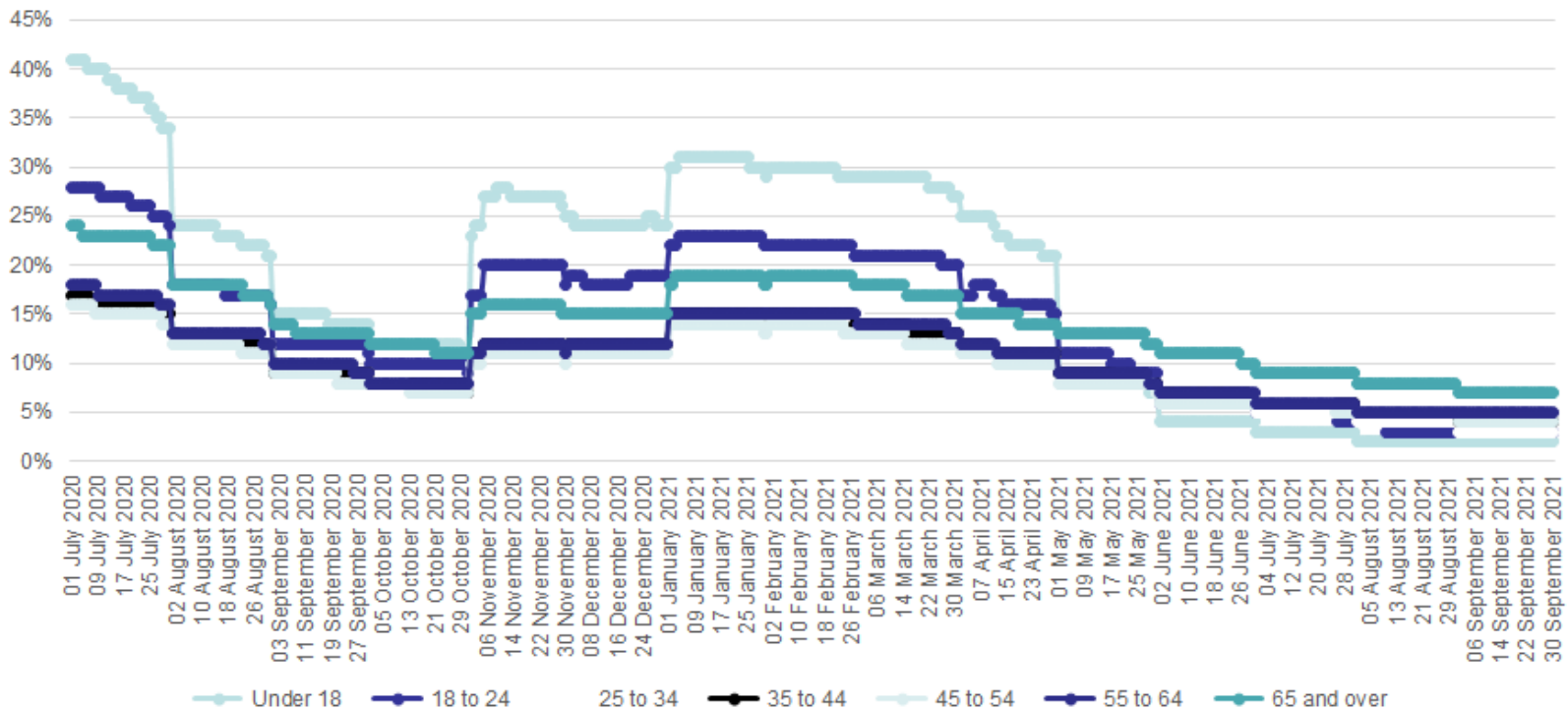
Furlough by Age and Gender

- Of those who remained furloughed in Lancashire, i.e were still on furlough until the scheme's end date, the age profile was as shown below.
- In the main, those who were towards the latter age brackets of the 16-64 working age population were more likely to still be furloughed.
- There were more Males than females who were still furloughed come the end of the scheme.



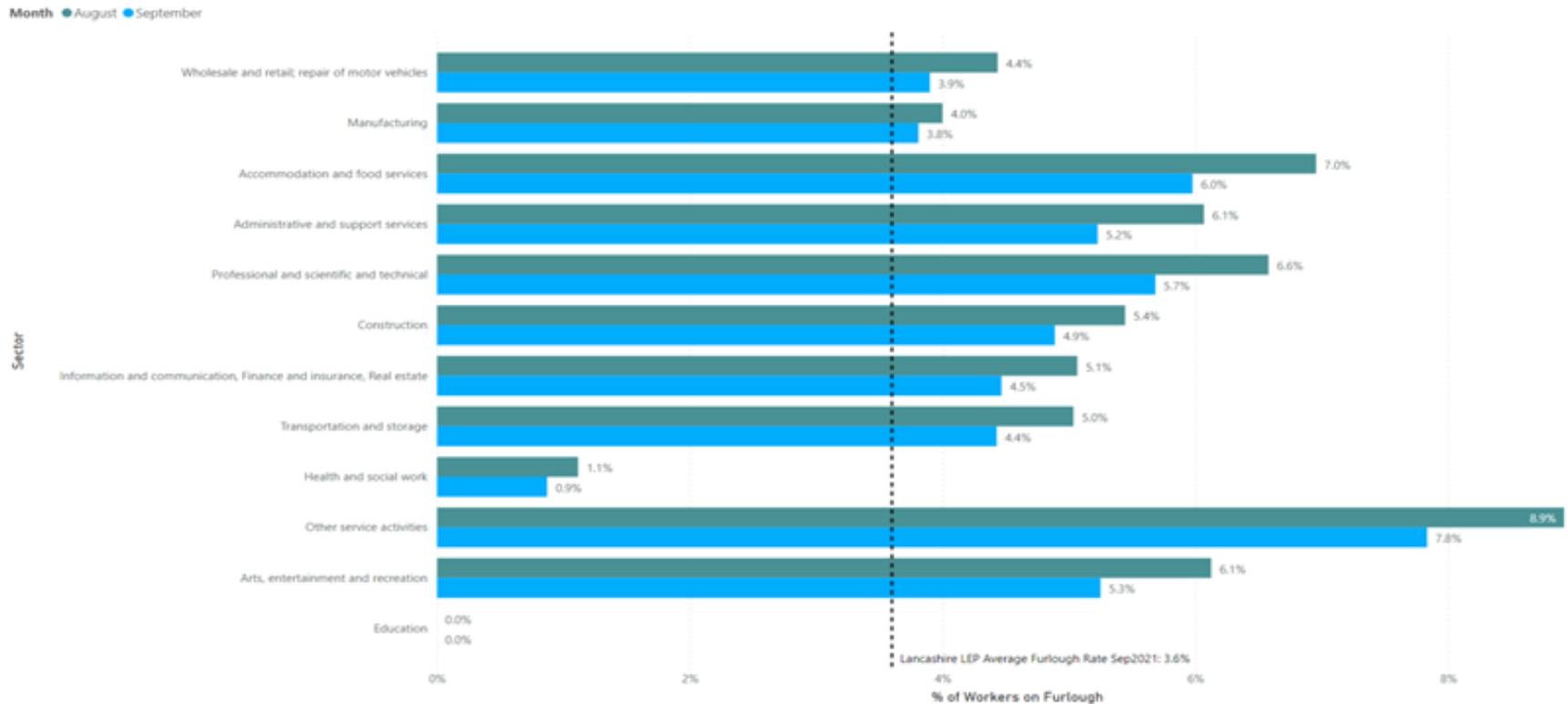
Furlough by Age

- National data has been released by individual ages, the Lancashire specific data only shows the number of people furloughed by age, not what proportion of people that age are furloughed.
- Originally the distribution of furlough was weighted towards younger people, and followed a broad downward trend as you move through the ages.
- As the scheme draws to a close, the end result is that those 65 and over were much more likely to still be furloughed, those under 18 least likely, and in the main, the older a worker is the more likely they were to be furloughed still come the end of the scheme.



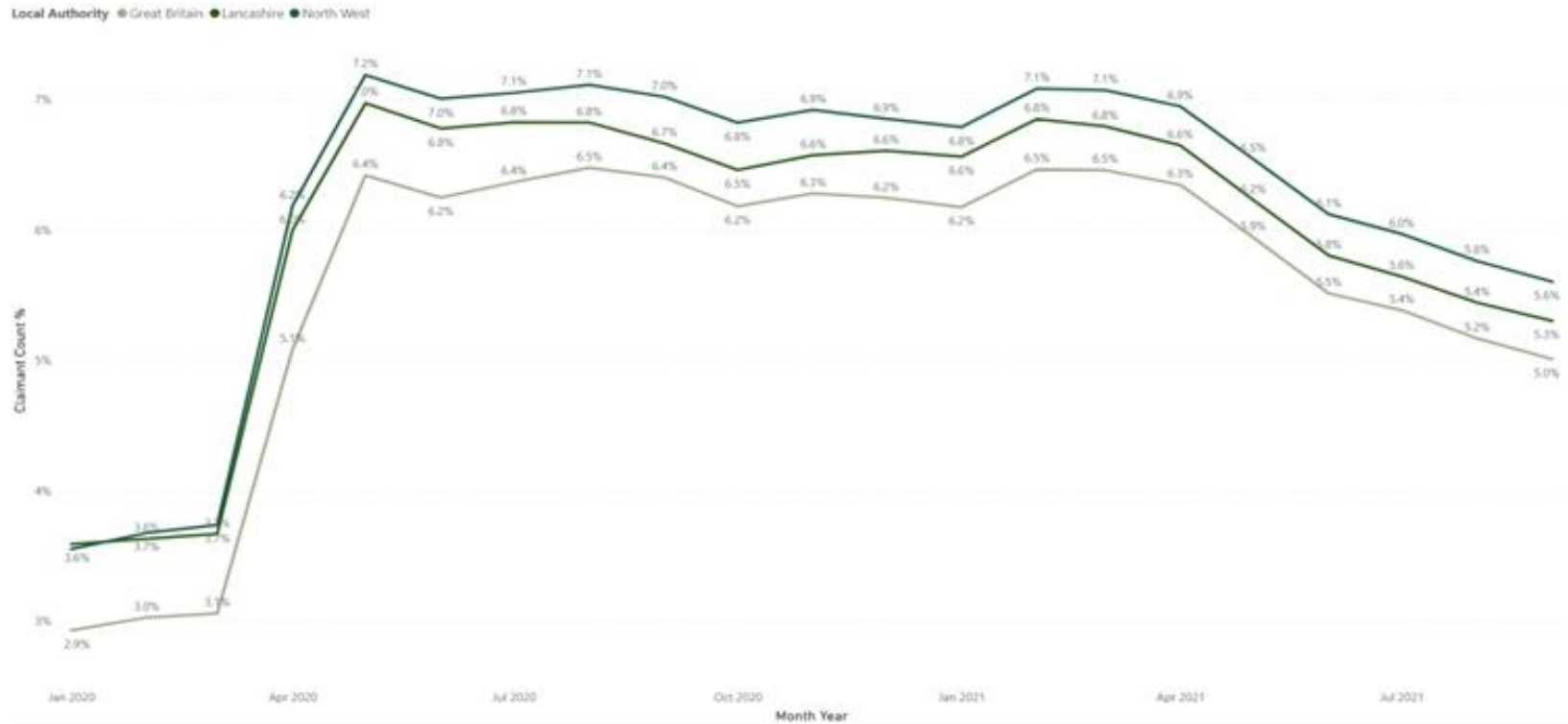
Furlough by Sector

- Lancashire specific data has been released by sector, but only for the number of jobs furloughed, not the take-up rate. Controlling for sector size using estimates from the employment by sector in the Business Register and Employment Survey, we get the best approximation of sector impact.
- Below we see August and September 2021 estimates for furlough take-up rates by sector. In the main, services remained most likely to still furlough staff at a higher rate than average, particularly “Other Service Activities”, “Accommodation and Food Services” and “Arts Entertainment and Recreation”. Similar outliers include “Professional Scientific and Technical” and “Administrative and Support Services”.



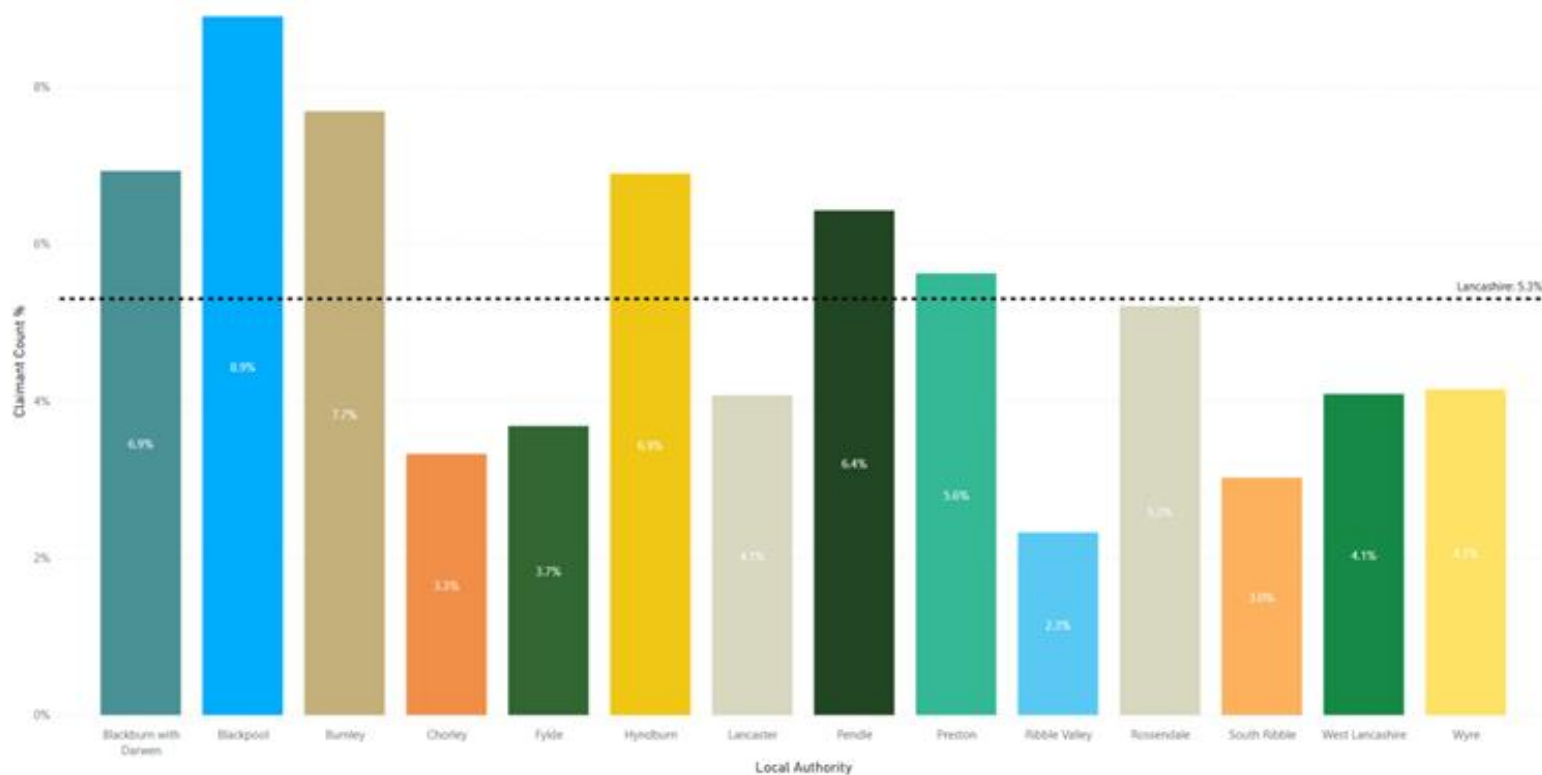
Claimant Count Lancashire vs NW vs GB

- The Claimant Count expresses the percentage of 16-64 population claiming universal credit for the purposes of being unemployed, it is updated more regularly than the official unemployment rate and as such it is an effective measure of the pandemic's impact.
- The Lancashire claimant count in March 2020 (pre-pandemic) sat 3.7%, on a par with the North West rate, 0.6 basis points above the GB rate of 3.1%
- Post March 2020 the rate difference has actually narrowed slightly, such that as of September 2021 the Lancashire claimant count is 0.3 basis points above the UK overall, and is 0.3 basis points lower than the North West rate



Claimant Count by Local Authority

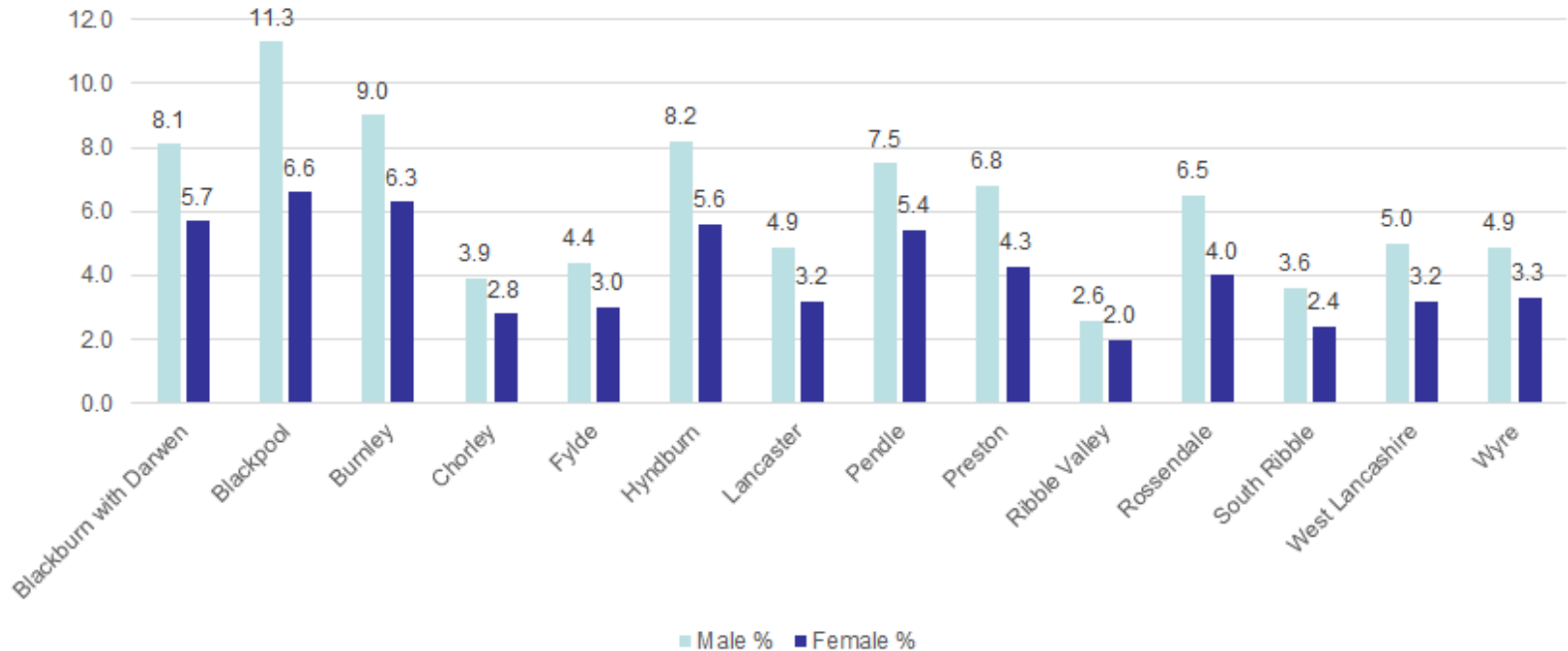
- Below presents the claimant count rate per district in Lancashire LEP, September 2021.
- Blackpool has the highest claimant count rate at 8.9%, which has fallen considerably from 12.2% in June last year, though still remains considerably above the Lancashire and GB rate.
- The other Lancashire LEP local authorities which are above the UK rate in September 2021 are Blackburn with Darwen, Burnley, Hyndburn, Pendle, and Preston, this is largely unchanged since June last year, with the exception of Rossendale, which is now marginally below the Lancashire average.
- The Lancashire overall rate is 5.3%, which is below the North West rate of 5.6%, but above the national rate of 5.0%.



Claimant Count by Gender

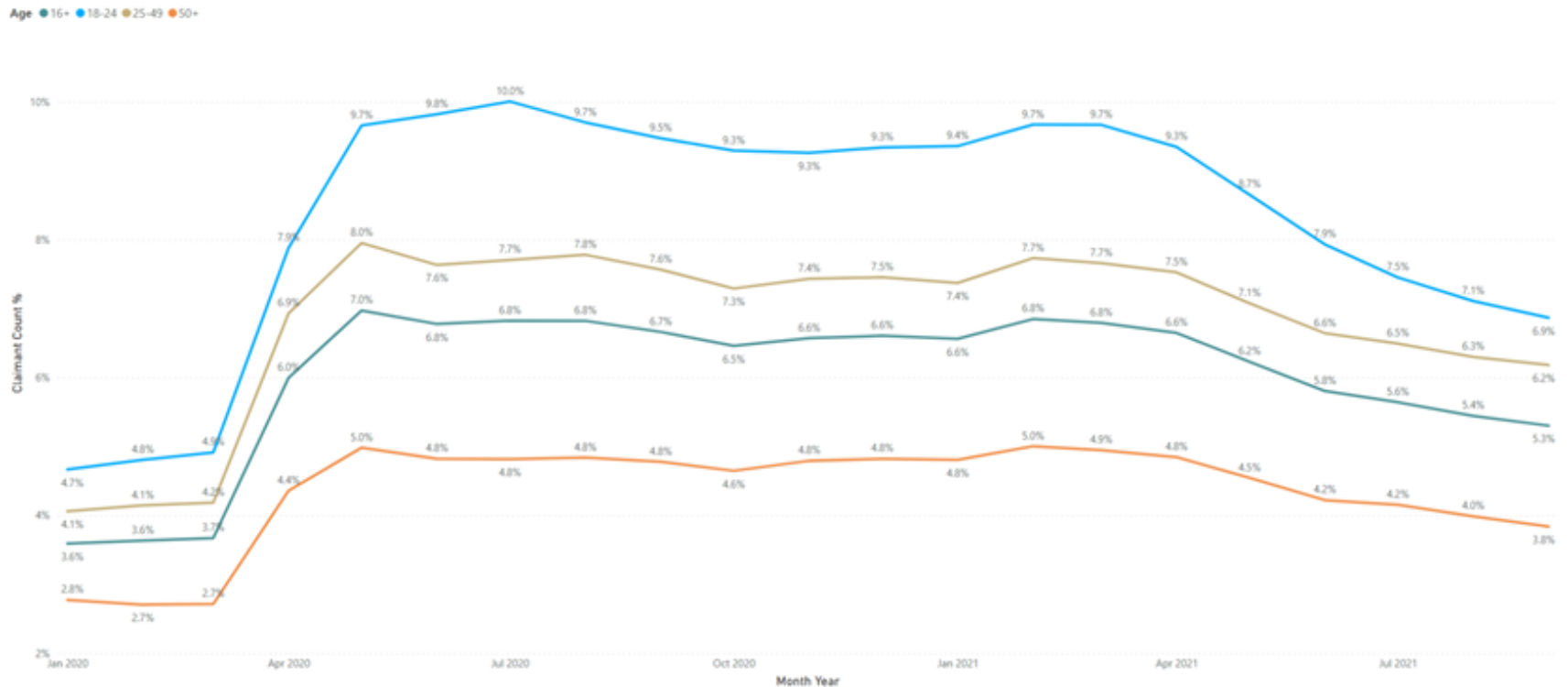
•Pre-pandemic the claimant count for males was above the female rate, and this is much the same as of September 2021, though at higher rates generally.

•In Blackpool, Male claimant (%) is the highest of anywhere in the LEP, and is more than double the GB rate across the whole population (5.0%).



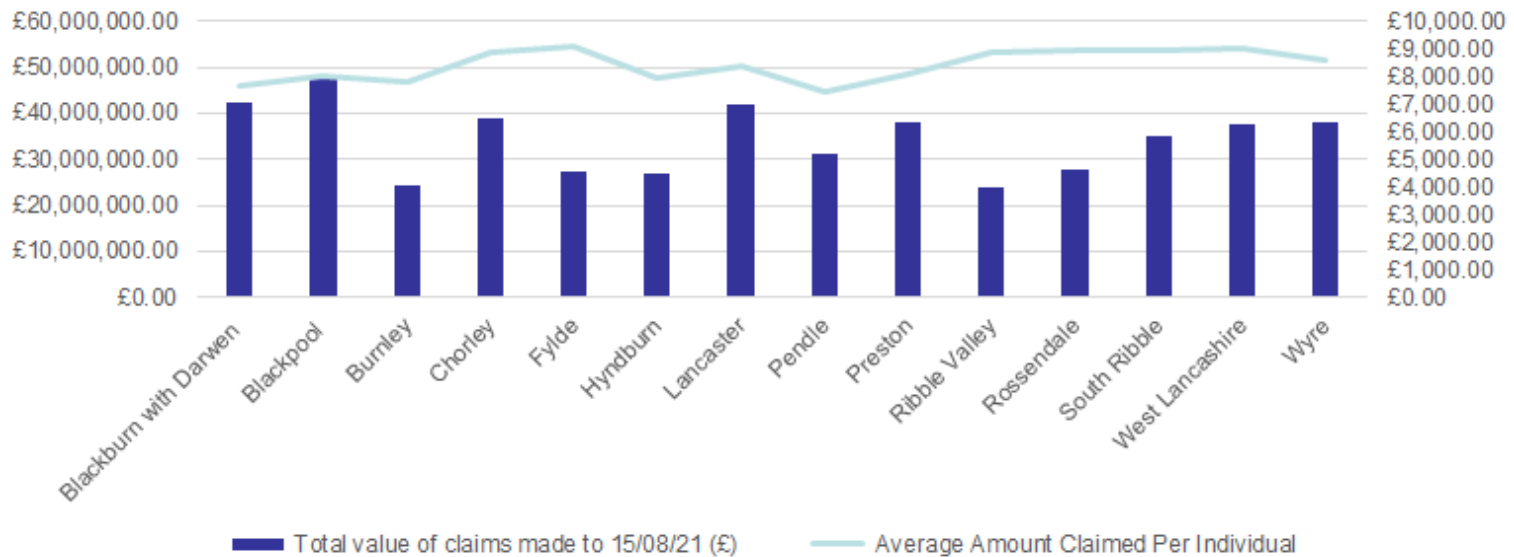
Claimant Count by Age

- The chart presents the claimant count rate for 16-24 year olds, 25-49 year olds and those over 50 in Lancashire, with the 16+ line representing the entire working age population for context.
- Over the course of the pandemic, the claimant count rate has increased the most sharply for the 16-24 demographic, such that the claimant count rate for 16-24 year olds was as high as 10.0% as of July 2020, since then the rate has reduced to 6.9% as of September 2021. This is still 2.0 basis points above the pre-pandemic rate, and the same differential as experienced by those aged 25-49, and higher than those aged 50+ (1.1 basis point differential).



Self Employed Income Support Scheme

- Data has been released by local authority, for the UK, and regionally for the Government's Self Employed Income Support Scheme
- Lancashire self-employed residents have made use of the scheme, claiming in excess of £480million since the start of the scheme. Below is shown the distribution of the values claimed by districts, and the average amount claimed per self employed individual.



SEISS by Sector (North West)

- Data has been released by sector classification for the UK, and regionally; there is no Lancashire specific data for sector takeup.
- In the main, the scheme has been utilised to a slightly greater degree regionally than it has nationally, with 25% of eligible self-employed individuals making claims to the scheme in the North West, vs 24% in England.
- Takeup has been highest regionally in the Transportation and Storage sector, followed by other service activities, Arts Entertainment and Recreation, Construction, and Education.

