

Report to the Cabinet

Meeting to be held on Thursday, 6 August 2020

Report of the Head of Business Growth

Part I

Electoral Division affected:
(All Divisions);

COVID Recovery Grants for the Visitor and Wider Economy

Contact for further information:

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Executive Summary

The report requests approval for Lancashire County Council to apply for £1,544,072 of European Regional Development Fund resources to deliver COVID 19 Recovery grants, in its role as Accountable Body for the Lancashire Business Growth Hub BOOST. The grants will form part of a national programme to support Small and Medium Size enterprises, with a discrete allocation for those in the Visitor Economy, in adapting to new trading conditions to aid recovery from the impact of the COVID 19 pandemic.

Recommendation

Cabinet is asked to:

- (i) Note the detail of the report.
- (ii) Agree to the county council applying for £1,544,072 of European Regional Development Funds, in its role as Accountable Body for the Lancashire Business Growth Hub BOOST, to deliver grants to small and medium size enterprises in the Lancashire LEP area; and
- (iii) Authorise the Director of Growth, Environment and Planning to formally apply for the resources and (working with the Director of Corporate Services) formalise all relevant contractual and other documentation.

This decision should be implemented immediately for the purposes of Standing Order C29 as any delay could adversely affect the execution of the county council's responsibilities. The reason for this is that the bid for additional resources is in response to recent Ministerial announcements allocating resources to Growth Hubs to provide grants. The challenges of the COVID 19 mean that businesses are being required to change the way they operate and deliver services in quite a rapid way. As a result the grant programme is required to be operational as soon as is feasible.

Background and Advice

Lancashire businesses are currently facing unprecedented change and impact due to the current economic crisis caused by the COVID 19 global pandemic. 'Redefining Lancashire: Our Approach to Recovery'; notes the risks of irreparable damage to key sectors with the pandemic having significant impacts on the employment base and productivity across Lancashire for years to come. Lancashire's Growth Hub, BOOST, has already responded to the needs of businesses by repositioning the support services and talents of the delivery partners to help and support any business in Lancashire, irrespective of sector and ambition. Services have been made fully open to every business so that they had someone to talk to, the campaign #AskForHelp supported over 5000 businesses either through the BOOST website (and the assets created especially for COVID), or through our business relationship management service, which is a person to person conversation. The Growth Hub also made sure that this temporary pivot was promoted to as wider audience as possible. BOOST remained open at a time when the business community really needed support. However, the service did not include financial support through grants.

In addition to the support provided by BOOST, numbers of businesses are seeking specialist advice to further mitigate the impacts in order to build in resilience within their business or address potential new opportunities and require ongoing support to innovate, scale or meet their own growth path. This has been evidenced by the volume and type of enquires received by BOOST over the course of the pandemic, over 6000 to date.

In order to provide financial support for Small and Medium Size Enterprises the Government, utilising the Priority 3 of the European Regional Development Fund, has issued a specification for Growth Hubs to apply against to access LEP area funding allocations.

These allocations, which were finally confirmed on 30th July 2020, will support businesses operating as part of the Visitor Economy, Lancashire allocation £425,911 and the Wider Economy, Lancashire allocation £1,118,161 (the Wider Economy allocation is the 3rd largest in England after London and the North East). The key outputs for the grant scheme will be jobs and businesses safeguarded.

The proposed grants will support the following types of activity and have a strong fit with the 'Redefining Lancashire' campaign:

- 1-2-1 specialist advice which SMEs could call on to address their immediate needs in response to the impact of COVID 19 e.g. HR, accountants, legal, financial, H&S, IT / digital or sector specialists etc.
- For the visitor economy, this could also include supporting SMEs with productivity improvements such as enhanced use of digital tools such as yield management software, mentoring, networking or other measures. It could also support to develop innovative delivery in a socially distanced economy – for example, new ways of delivering cultural events and festivals that are so critical to the visitor experience; and / or

- Purchase of minor equipment to adapt or adopt new technology in order to continue to deliver business activity or diversify in response to COVID 19.
- Normal grant levels are usually between £1,000 - £3,000, although on an exceptional basis the grant recipient may be granted up to a maximum of £5,000.

Unlike previous European Regional Development Fund projects the grants will be made at a 100% intervention rate on the basis of a temporary relaxation in match funding requirements agreed by the UK Government and European Commission. All grants will need to be awarded by 28th February 2021 and all expenditure defrayed by 31st March 2021. The Lancashire scheme will be open for applications in early September 2020 with an aim to deliver at least 500 grants in order to commit the full allocation.

The grants are required to be delivered through Growth Hubs or associated projects. In the Lancashire, the core Growth Hub project, BOOST, is delivered through the Business Growth Service of the county council, hence the proposal for the county council to bid for the additional resources. The Business Growth Service also contains the External Funding and Investment Team which currently delivers grants through the rural LEADER and North West Community Energy Fund programmes and has significant experience of applying for and delivering grant schemes.

Accountable Body and Delivery Function

In preparation for the delivery of the grant programme the county council is establishing a grant delivery system linked to the delivery of the BOOST support service. Due to the timescales involved, this process will need to be as streamlined as possible, yet remain within the constraints of European Regional Development Fund regulations, and deliver grants as quickly as possible to affected businesses. The process will be designed to allow for engagement with Lancashire local authorities and, in the case of the Visitor Economy grants, Marketing Lancashire.

If approved, the county council would act as Accountable Body for £1,544,072, only accessing a minimal amount to pay for any additional resourcing required with the bulk of resourcing costs absorbed by the county council. This approach would maximise the number of grants available. It is envisaged that the grants would be paid in arrears once grant recipients had evidenced defrayed expenditure. The county council would then claim the grant from the European Regional Development Fund via the Ministry of Housing, Communities and Local Government. This approach will reduce the risk to the county council as grants will only be paid once evidence of delivery and payment have been received.

Consultations

N/A

Implications:

This item has the following implications, as indicated:

Risk management

If the county council does not apply for the grant resources another Growth Hub partner will need to apply if Lancashire is not to lose the funds. This will take more time, delaying the launch of the grant programme and therefore delaying the issuing of grants to eligible enterprises.

Legal

The grant funding will need to be distributed in compliance with State Aid laws and appropriate procedures and protections put in place to ensure this.

Finance

Defrayed grants are repaid in arrears by the Ministry of Housing, Communities and Local Government. This is the normal quarterly process for BOOST activity claims. There will be short term cash flowing of the activity in the revenue budget as with the existing boost process. The financial risk of claims not being paid by MHCLG will be negated by the use of the tried and tested boost process and experienced staff processing grant claims and claims to MHCLG for repayment.

List of Background Papers

Paper	Date	Contact/Tel
Draft Tender Specification ERDF Covid 19 Recovery Grants	30/07/20	Sean McGrath 01772 531053

Reason for inclusion in Part II, if appropriate

N/A