



## CABINET

Tuesday 2 March 2021

### COVID RECOVERY BUSINESS SUPPORT PROGRAMME

#### EXECUTIVE SUMMARY

1. The trading restrictions associated with the Covid pandemic have had a dramatic and significant impact on businesses locally, regionally, and nationally. In response to this the government have launched a range of business grant schemes aimed at small and medium sized businesses to mitigate the impacts of reduced trading and enforced closure. Local authorities have been at the forefront of allocating these vital funds to local businesses. East Suffolk Council has so far allocated £89.5m to over 6,000 businesses since the beginning of the pandemic.
2. In the most recent round of grant schemes the Additional Restrictions Grant (ARG) was launched. The ARG differed from previous grant schemes in that it was profiled over 2 financial years, to cover the November and any future lockdowns and crucially an element of the scheme can also be used for longer-term business support measures. The awarding of direct grants to business will remain the priority of the ARG, however modelling indicates a significant balance will be available to develop a recovery business recovery programme.
3. This paper sets out a number of proposed business support measures based on direct engagement with businesses and business support providers. The proposed schemes cover business start-up support, a general business recovery scheme, support for independent retail and a gigabit voucher scheme to enable businesses to access the new ultrafast broadband network in Lowestoft. The aim of this new programme is to support the wider economic recovery in the District during 2021 and complement the existing, long-term, and ambitious economic growth programmes.
4. The proposals in this paper are purposely provided at an outline level and if Cabinet supports the proposed approach they will be fully developed, costed and implemented during the spring and Summer of 2021.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in East Suffolk
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<b>Cabinet Member:</b>	Councillor Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development
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<b>Supporting Officer:</b>	Paul Wood Head of Economic Development & Regeneration 07798 797275 <a href="mailto:paul.wood@eastsoffolk.gov.uk">paul.wood@eastsoffolk.gov.uk</a>
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## **1 INTRODUCTION**

- 1.1 The unprecedented trading restrictions imposed to control the spread of Covid 19 have had a huge negative impact on the national and local economy. In April 2020, the UK experienced a 25% contraction in GDP, the largest fall the country has ever experienced. Whilst the economy did partially recover during the second half of the year it is still 9% smaller than the pre-pandemic level and experienced a further fall in November following another tightening of restrictions.
- 1.2 This severe contraction in the economy has unsurprisingly led to a dramatic increase in unemployment at national and local levels. Within in East Suffolk jobless totals increased by 96% over the year with the number of people being unemployed increasing by over 3,400 to just over 7,000, however East Suffolk did perform better than the region and nationally where the increase was 120%.
- 1.3 As a result of the severe impact of Covid restrictions on businesses the government established a plethora of Covid business grant schemes. These schemes are being allocated to businesses via Local Authorities. Within East Suffolk, the Council has now distributed over £88m to more than 6,000 businesses.
- 1.4 One of the more recent Covid business grant schemes, the Additional Restrictions Grant (ARG) has seen an allocation of £7.2m awarded to ESC. The purpose of the ARG is to provide support to businesses that did not qualify for the Local Restrictions Support Grant (LRSG), for example due to the applicant's premises not having a Rateable Value. The ARG differed from previous schemes in that it was profiled over 2 financial years, to cover the November and any future lockdowns and an element of the scheme can also be used for longer-term business support measures.
- 1.5 The primary aim of the ARG is to relieve the impact of trading restrictions at least partially and the priority is to allocate grants to businesses as quickly as possible. So far ESC has allocated £1.6m from the ARG scheme in the form of direct business grants and taking a very generous approach it is anticipated that approximately a further £4.25m will be allocated to cover any extensions to the current and any future lockdowns and to deliver additional assistance to the Hospitality sector which has been particularly hard hit by the pandemic. This will leave around £1.35m unallocated and it is proposed that part of this is used to put in place longer-term business support measures that will support the recovery of the local economy in line with the Councils' economic growth priorities as set out in the Strategic Plan and the East Suffolk Economic Growth Plan.
- 1.6 This paper sets out the proposed business support programmes for consideration and approval by Cabinet. At this point the schemes are still in development and approval is sought from Cabinet to provide delegated authority to the Strategic Director, in consultation with the Cabinet members for Economic Development and Resources to fully develop these measures if Cabinet agrees with the proposed approach.

## **2 EXISTING LOCAL BUSINESS SUPPORT**

- 2.1 The business support landscape has been peppered with a plethora of Covid emergency support schemes. This has been developed quickly and the needs of businesses have changed rapidly with different needs in different sectors. This was done against an existing business support framework which was already very diverse and fragmented. Programmes have been developed and are being led by different organisations, e.g. local partners such as enterprise agencies (NWES and Menta), the LEP, national organisations and Government.
- 2.2 In terms of Business Support and funding, New Anglia Local Enterprise Partnership (NALEP) is the main provider across Norfolk and Suffolk. NALEP works with businesses, local authority partners, business networks and education institutions to drive growth

and enterprise. The New Anglia Growth Hub is part of the Business Growth Programme delivered by NALEP in partnership with enterprise agencies, Suffolk Chamber of Commerce and Suffolk County Council and is part-funded by the European Regional Development Fund. The Growth Hub is the main delivery vehicle for business support programmes across Norfolk and Suffolk.

2.3 Current programmes offered by the NALEP/Growth Hub include:

- Business resilience and recovery fund
- Visitor and wider economy grant scheme.
- Growth through innovation fund.
- Scale-up New Anglia
- Growing places fund
- Business start-up programme
- Small business grants scheme
- Growing business fund
- Eastern agri-tec grants
- New Anglia capital
- Community Challenge fund

2.4 ESC's Economic Development team also delivers local level business support in collaboration with local, sub-regional, regional and national partners. The team work closely with businesses and focus on the three main priorities of the East Suffolk Economic Growth Plan:

- Supporting entrepreneurs and entrepreneurship in East Suffolk
- Encouraging established businesses to invest and grow.
- Attracting inward investment to East Suffolk, focused around existing and emerging sectors and supply chains.

2.5 To deliver these priorities the Economic Development team support businesses in the following ways:

- Support the appropriate provision of employment land and premises.
- Work to address key infrastructure constraints.
- Encourage appropriate forms of skills and workforce development.
- Facilitate access to finance and business support.
- Engage in marketing and promotion of East Suffolk to attract inward investment.
- The development of projects that support business growth.
- Offer a 'one stop shop' of local information for the district's business community through East Suffolk Means business website.
- Support and develop local business networks.
- Support businesses to navigate regulatory services within the council.
- Work with key sector groups and individual businesses to maximise the opportunities for East Suffolk's seven key sectors.

### **3 PROPOSED BUSINESS SUPPORT MEASURES**

- 3.1 It is proposed that additional business support measures are put in place to support the local economy as it recovers from Covid. These additional measures will be funded from ESC's ARG allocation and alongside the priority of issuing direct business grants from this fund, will ensure that we maximise the use of this fund in supporting local business recovery. The proposed business support measures have been developed to complement and align with ESC's existing business support offer and our ambitious economic growth programmes. These long-term, strategic programmes were developed before the economic impacts of the Covid pandemic and provide a solid framework and foundation to enable the local economy to have a strong recovery. Examples of this activity include the Lowestoft Town Investment Plan, the east Suffolk wide Town Revitalisation Programmes (including the Smart Towns programme) and sector focussed activity such as the Sizewell C Economic Development programme and Freeport East initiative.
- 3.2 Discussions with government have indicated that any business support measures delivered using ARG funding must still involve direct grant funding to business. As a result of this the proposed business support measures set out below all involve this. The proposed areas of support fit under the following themes:
1. Business Recovery and Start-up support
  2. Digital Transformation
  3. Town Centre Recovery
- 3.3 **Business Start-up enhanced support and grant programme**
- 3.4 Existing business start-up support is delivered through NALEP's start up programme, part of the New Anglia Business Growth Programme. The programme focuses on entrepreneurs and micro-businesses at pre-launch and during early-stage development. The current programme offers free tailored advice and workshops covering topics such as business plans, management and operational systems, marketing, finance and legal, corporate social responsibility, and intellectual property rights.
- 3.5 The enterprise agencies, NWES and MENTA have been the key delivery partners since April 2014 and are responsible for the majority of intensive business support in the current programme, furthermore they are the only organisations that have delivered a consistent programme of business start-up support in Norfolk and Suffolk. Current business start-up funding ends in August 2021 and NALEP are currently applying for further ERDF funding for new a start-up programme that will run from September 2021 – March 2023. If successful, the LEP will have a fund of £710k for Norfolk and Suffolk over 2 years, so there will be limitations as to what it can achieve and importantly it will not include a grants element.
- 3.6 This comes at a time when enterprise agencies have seen an increase of over 50% in start-up and self-employment activity since March 2020. Through the Council's Economic Development team, we are also experiencing, firsthand an increased demand for business start-up support. An increase in this type of activity is a common trend during significant economic downturns.
- 3.7 It is proposed that ESC open discussions with the enterprise agencies to procure a start-up package that offers enhanced support to the existing start-up provision to August 2021 and for any new LEP wide programme from September 2021. It is proposed that a new element for the ESC start-up support package would be a start-up grant schemes that the Enterprise Agencies would be best placed to deliver as part of the existing and potential enhanced provision. The start-up grant scheme would be a new feature which is currently not or planned to be available across Norfolk and Suffolk and would be embedded into a

12-month pre-start and start-up support programme to ensure the start-up is viable, support the business to establish itself and mitigate risk.

### 3.8 **Business Recovery grant**

3.9 The proposed East Suffolk Recovery Grant scheme is aimed at supporting small and medium sized businesses to recover from the impact on their business of Covid restrictions. The scheme will use the existing business support mechanisms available through the Growth Hub and partners but provide a local grant scheme that is 100% funded to aid businesses with recovery and future resilience.

3.10 The types of activity that could be funded would through this scheme include:

- Costs of adapting operational models, premises and working practices in order to meet Covid-secure requirements.
- Support the development of a recovery plan.
- Adaptations to business models to attract new customers or visitors.
- Digital transformation (where this cannot be funded through other schemes such as Smart Towns)
- New product development or diversification.
- Marketing support or support with certification costs to enter a new market.
- Specialist external support to meet a defined need.
- Support the purchase of professional advice e.g., accountancy, HR, legal etc

3.11 It is envisaged that this grant scheme would provide support for the following areas as part of a longer-term credible recovery plan:

- Help the business to access new markets
- Provides and embeds new skills
- Makes it easier to build relationships with customers e.g. via sales processes or customer service
- Support the business to expand.
- Support the creation of new employment/ apprenticeships to help implement a key aspect of the recovery plan

3.12 It is proposed that grants could range from £500 up to £5,000 subject to the nature of the investment required.

### 3.13 **Gigabit Voucher Scheme**

3.14 With the launch of the new ultrafast broadband network in Lowestoft during 2021 (and to a lesser extent the southern part of the District), ESC are keen to encourage the take up, by businesses of this new digital infrastructure. The speed and capacity of the new full fibre network presents substantial business growth opportunities for existing businesses which will aid their and the wider economic recovery of the District and will also act as a significant inward investment incentive for new businesses. To encourage businesses to access the new network it is proposed that a district-wide Gigabit Voucher Scheme, aimed at small and medium sized businesses, principally directed to unlock the new infrastructure and connectivity opportunities in Lowestoft, is implemented to offset the cost of connecting to the new network.

3.15 It is proposed that the ESC voucher scheme is based on the UK wide Gigabit Broadband Voucher scheme launched in 2018. Small or medium-sized businesses were able to access a grant of up to £3,000 to help bring business broadband to a gigabit capable

connection. The Scheme closed for new applications in March 2020, however the Rural Gigabit Broadband Voucher Scheme is ongoing.

3.16 It is proposed that an ESC local Gigabit Voucher Scheme would include the following elements:

- Offer grants of up to £3,000.
- Grants only be available for small and medium sized enterprises (up to 250 employees)
- A web profile and web portal sitting alongside other digital activity and projects being delivered by ESC (such as Smart Towns).
- Sits under 'Digital East Suffolk' or similar umbrella brand, with Smart Towns, Springboard portal, City Fibre, digital housing/care projects/voucher schemes all being transparent and easily discoverable by ES businesses and communities.
- The national Rural Gigabit Voucher scheme should be co-promoted on the portal to add value.
- Any new voucher scheme should have a marketing and communications plan committed before launch.
- Brand assets – as with Smart Towns, developing key brand assets for the Gigabit Voucher scheme is essential so that there is uniform language, brand livery and visuals so that the scheme is easily marketed and communicated.
- Work closely with local business networks to promote the scheme to potential recipients.

### 3.17 **East Suffolk Independent Retail Recovery Support programme**

3.18 The independent retail sector has been badly impacted by the covid trading restrictions. This sector forms a key part of the offer within East Suffolk's town centres and is also major feature of the visitor economy. In light of the importance of this sector it is appropriate that a specific support programme for this sector is developed. This programme would be designed to provide specialist recovery support, business planning, finance, marketing guidance and networking opportunities for businesses in the independent retail sector. The support would be sector specific and include a mixture of workshops, one to one advice and networking/peer support opportunities.

3.19 It is proposed that a suitable provider would be appointed to deliver an appropriate package of interventions to support the recovery and resilience of local traders. This could be in the form of a number of 1-2-1 sessions with specialist retail advisors, one to many thematic workshops (e.g. customer care/ service, retail systems, merchandising, security/risk) or other innovative approaches with the aim of engaging traders and maximising impact. A clear focus will be placed on sign posting to the Digital Advice Service/Smart Towns programme to support the development of social media skills and online trading of businesses. This recovery programme would be embedded in and form part of the wider East Suffolk Town Revitalisation programme.

3.20 The programme would also provide expert guidance on the type of interventions that would be most appropriate for the independent retail sector and recommendations on potential funding opportunities, partnerships and networks that could extend the reach of the limited support that is currently available.

3.21 It is proposed that a small grants funding scheme (up to £1000 per business) could be made available to support costs associated with recovery and resilience. It is important to note that this programme would address a gap in the market since retail business

support and grants are exempt under the current business support schemes offered by NALEP and the Growth Hub.

3.22 Following discussions with Finance it has been estimated that these additional business support measures would result in a total allocation of c£800k from the ARG fund.

3.23 **Further potential Business Support measures**

3.24 As stated previously the current the feedback received from government indicates that any business support measures that use ARG funding must be in the form of direct grants to businesses and therefore all the schemes outlined above are of this nature. The ED team have. However, other business recovery schemes have been identified that don't provide this direct grant support but do align with ESC's current economic growth programmes. It is our intention to maintain a dialogue with government to determine if such schemes may be funded.

3.25 These additional schemes include the following:

Town Centre Recovery

- Additional local resources to provide capacity to support the delivery of actions plans being developed as part of the Town Revitalisation Programme.
- Boost the East Suffolk Towns Initiative (ESTI) funding to specifically focus on Covid recovery activities in town centres.
- Town centre enhancement schemes based on the People & Places research which the need to improve streetscape and public realm in many of our towns.
- Revenue funding to support the growth of key sectors in the Lowestoft Town Investment Plan, recognising that the Towns Fund only provides capital funding and revenue support for the clean energy, creative sectors and place marketing would help realise the ambitions of the investment plan.

Other potential support could take the form of the following:

- East Suffolk tourism marketing campaign to provide additional promotion of the ES visitor economy in addition to national and regional campaigns. This would reflect the particularly hard impact covid restrictions have had on this sector and its value to the wider East Suffolk Economy
- Inward Investment incentives schemes – ESC and partners develop an extensive package of support to assist businesses locating to East Suffolk with a strong focus on Enterprise Zones and other key developments areas within the District
- Fund to support purchase of strategic building or site to support the delivery of the Lowestoft town centre masterplan and Town Investment Plan

## 4 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?

4.1 The Business Support recovery measures proposed in this paper will contribute directly to the Strategic Plan themes of Growing our Economy, Enabling our Communities, Digital Transformation and Remaining Financially Sustainable. Within the Growing our Economy theme the proposed schemes will directly contribute to the following priorities:

- *Build the right environment for East Suffolk*: through the focus on town centre recovery and enhancement.
- *Attract and stimulate inward investment*: through providing incentives for businesses to connect to the new ultrafast broadband network in Lowestoft.
- *Maximise and grow the USPs of East Suffolk*: through additional business support for the District's key growth sectors.
- *Business partnerships*: through working in partnership with business and business networks to develop and deliver additional business support measures.

4.2 The measures proposed in the report will also contribute to the other Strategic Plan themes in the following ways:

- Communities
  - Reducing the economic impact of the covid downturn and supporting a strong recovery in East Suffolk will benefit communities across the District by maintaining employment opportunities.
- Digital
  - Through Direct support for businesses to access the new ultrafast broadband network.
- Financial Sustainability
  - The business support measures outlined will help maintain and grow the District's business and business rates base which will positively impact on Council finances.

4.3 The aim of the proposed additional business support measures in this report is to mitigate the impacts of the covid downturn and support a strong economic recovery. Such an approach will support the creation of employment opportunities for all communities within our district. This supports the health and wellbeing of our communities as there is a strong link between positive physical and mental health and employment.

4.4 The Council and its partners are engaged in inclusive growth programmes e.g. through skills and training development, that will ensure the growth opportunities created by these measures can benefit all sections of the East Suffolk community.

## 5 FINANCIAL AND GOVERNANCE IMPLICATIONS

5.1 The proposed business support measures set out in this report will be funded by the ARG fund. This fund has been created to provide immediate cash grants to businesses impacted by the Covid downturn but unlike other Covid business grants was also developed with a longer-term business support element. The fund has been profiled over

the current and next financial year i.e. 2021/22 and any spending from this fund should take place within this period.

- 5.2 Modelling of the anticipated funding to be allocated in immediate cash grants, taking a very generous view on likely expenditure, indicates there will be around £1.65m remaining in the ARG fund. The business support measures proposed will account for c£800k of these remaining monies to ensure there is flexibility within the scheme should additional direct grant funding be required.
- 5.3 Each of the proposed business support measures will involve the awarding of grants to businesses based on programme specific criteria. The Council's external funding team has experience of putting in place the processes to manage such awards and it is proposed, with support from the ED team they will manage the awarding of grants based on agreed criteria. It is envisaged that a grant awarding panel will be established to oversee the awarding of such grants.

## **6 OTHER KEY ISSUES**

- 6.1 This report has been prepared having taken into account the results of an Equality Impact Assessment Ref EQIA307237674 (see background paper below). The assessment indicated a neutral impact on all the protected characteristics. Overall, however the proposals outlined in this paper should provide employment and enterprise opportunities for all sections of the East Suffolk community as the overall aim of these measures is to promote economic recovery and growth.

## **7 CONSULTATION**

- 7.1 The business support measures proposed in this paper have been developed based on feedback with businesses directly and consultation with local and regional business support agencies. The feedback from these groups identified current gaps in market and where existing schemes could be enhanced, this directly informed the scope of the proposed schemes set out in this paper. The measures have also been informed by a survey of businesses undertaken by the Finance team, which specifically asked what business support measures should be implemented through the business support element of the ARG fund. As these schemes are further developed and finalised further consultation with these groups will take place to ensure they meet current business needs.

## **8 OTHER OPTIONS CONSIDERED**

- 8.1 The other option considered was not to develop a business support programme based on available ARG funding. This was discounted as it will not offer additional longer-term business recovery support which will be crucial as the local economy emerges from lockdown and other trading restrictions during 2021. Furthermore, without this business support programme it is likely that there would be a significant underspend on the ARG fund allocated to the District, with the potential that this funding would be required to be handed back to Government rather than supporting economic recovery in East Suffolk.

## **9 REASON FOR RECOMMENDATION**

- 9.1 The trading restrictions imposed on businesses because of the Covid pandemic have been dramatic and significant. To support the District's businesses and the wider economy during the economic recovery phase, it is proposed that the Council takes advantage of the ability to use the ARG fund to support longer-term business support measures. These measures are focussed on supporting small and medium sized business

which make up the majority of the East Suffolk business stock and have been developed based on identified need through discussions with businesses directly and business support agencies. The measures set out in the report set out a high-level approach and if cabinet approves this approach the intention will be to fully develop the detail and costs of these schemes.

#### **RECOMMENDATION**

That the outline proposals for the partial use of the unallocated £1.65m of the Additional Restrictions Grant, to provide a package of longer-term business support measures to support economic recovery, post Covid, be approved and delegated authority be given to the Strategic Director, in consultation with the Cabinet Members with responsibility for Economic Development and Resources, to fully develop and implement these measures.

#### **APPENDICES – None**

#### **BACKGROUND PAPERS**

Please note that copies of background papers have not been published on the Council's website [www.eastsuffolk.gov.uk](http://www.eastsuffolk.gov.uk) but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

<b>Date</b>	<b>Type</b>	<b>Available From</b>
12/02/21	Equality Impact Assessment Ref EQIA307237674	Paul Wood