

SUBJECT: BUSINESS SUPPORT & ECONOMIC RECOVERY: PROPOSALS FOR THE USE OF ADDITIONAL RESTRICTIONS GRANT FUNDING

DIRECTORATE: MAJOR DEVELOPMENTS

REPORT AUTHOR: JO WALKER, ASSISTANT DIRECTOR - GROWTH

1. Purpose of Report

- 1.1 To approve proposals for the use of Additional Restrictions Grant (ARG) funding to provide ongoing support to businesses impacted by Covid-19 and promote the economic recovery of the City.
- 1.2 To agree to delegate the final allocation of funding for each of the measures outlined in this report to the S151 Officer and Director of Major Developments.

2. Executive Summary

- 2.1 City of Lincoln has mobilised a dedicated team of staff to service the requirement for business support and to manage and administer the government's local funding package since March 2020.
- 2.2 The team have worked to deliver a first-class service to customers and this has been recognised and appreciated by the business community.
- 2.3 Officers have also proactively engaged with other authorities to collaborate on policy and to share best-practice to try to ensure consistency across the local area, leading where required.
- 2.4 This working arrangement has continued during Lockdown 2, the Local Restrictions period and now Lockdown 3, however funding streams have become progressively more complex, taking up considerable resource such that a number of officers are now spending up to 100% of their time on the response. The resource in processing grants is predominantly drawn from Major Developments, Business Services and DCE (Events). This is in addition to the considerable resource from Finance and Audit teams as the schemes have become more complex.
- 2.5 This report sets out the current spectrum of business support being administered by the team with the latest monitoring information. It then proposes a strategy for the deployment of 'Additional Restrictions Grant' (ARG) funding which has been provided by government alongside the various mandatory funds to enable local authorities to support businesses during the pandemic and with the economic recovery thereafter (up to March 2022).

3. Covid 19 – Business Grants

3.1 Between March – September 2020, the City Council issued grants to approximately 1,700 businesses to a value of over £21m. Since the November lockdown period until the 15th of February, up to 4400 grants have been issued to around 800 businesses to the value of over £8.75 million.

3.2 Since November 2020, the grant regime has become progressively more complex, with the Council being allocated a series of funds to support businesses during the National and Local Restriction Periods. These grants fall broadly into 2 categories.

3.3 **A – Mandatory Grants:**

For rate-paying businesses mandated to close as a result of local or national restrictions. These grants are paid on a regular and ongoing basis as long as restrictions are in place. Payments are due every 14 days during local restriction periods or for longer periods in the case of national lockdowns.

3.4 **B – Discretionary Grants:**

For the Council to administer at its discretion. In the case of City of Lincoln, we have used this funding to support businesses which ‘fall through the gaps’ of the mandatory funding schemes as follows:

- Closed businesses that do not pay business rates (such as those that share space or B&Bs)
- Businesses which have not been mandated to close but have been severely impacted by the restrictions (for example those in the hospitality, leisure supply chain). In this case, a business needs to evidence ongoing business costs and at least a 30% drop in turnover.

4. Discretionary Funding

4.1 A total of £2,868,060 has been awarded to the City of Lincoln to administer on a discretionary basis (funding known as the Additional Restrictions Grant or ‘ARG’). This funding can be deployed at the discretion of the Authority up to March 2022 and must be focussed on providing direct support to businesses, however it cannot be used as a wage top-up.

4.2 As of 15th of February £ 440,143 has been spent supporting those businesses that ‘fall between the cracks’ of the mandatory schemes. This covers November (Lockdown 2), December (Tier 3/4) and closed non rate paying businesses January – February (42-day Lockdown/Top Up). Further grants for businesses which are ‘open but impacted’ are expected to be paid from this fund for the current lockdown period.

4.3 This grant funding will continue to be deployed to support businesses that do not meet the mandatory criteria as long as lockdown or restrictions continue. We are planning for this to be at least until April 2021.

4.4 In addition to offering continued support with running costs, officers are working on a package of further support to help economic recovery. This has been informed by direct feedback from businesses (through a question in the grant application

form) and interviews with intermediaries (FSB, Visit Lincoln, Lincoln Big, LSIP, Lincoln University and businesses) and other stakeholders.

5. ARG Proposal – Continued Response & Recovery

- 5.1 In planning for how we might deploy these funds, we need to consider how this funding might be used to match or add value to existing schemes or to address any gaps in provision. We also need to consider how we can administer the funding in the most efficient way, maximise the value to our business community as well as relieving some of the additional pressures on existing staff to facilitate a return to the 'day-job'.
- 5.2 To inform how best to utilise these funds and support economic recovery with the resources available to us and avoiding duplication, we have spoken to a number of stakeholders. We have also carried out our own survey of business needs (embedded within the grant application process). We have also taken account of research by the LEP and the GL Economic Recovery Plan. Key findings and analysis are included in Appendix 1 and 2.
- 5.3 In addition, on 09 March 2021 the draft proposals were taken to a meeting of the Council's Community Leadership Scrutiny Committee for their consideration and input. Since September 2020 the committee have been undertaking an important scrutiny review of the impact of Covid-19 on businesses and the economy. The findings of that review and the comments from the Committee, have been incorporated into these proposals. They will also influence not only the detail for what grants could be used for but the approach we would take in ensuring that the opportunities are widely communicated to businesses.
- 5.4 In assessing these requirements, we propose to ring-fence the remaining £2.43m and to utilise this resource as follows. It is proposed that the final decision regarding the amount of funding, (beyond that proposed below), procurement and contracting arrangements be delegated to the Section 151 Officer and Director of Major Developments.

A - £500,000 safeguarded to **continue to operate discretionary, ongoing support** during any further period(s) of restrictions during 2021/22. This figure is based on analysis of weekly spend and would cover a period of up to 15 weeks/3 months of Tier 3+ restrictions.

***Rationale:** Most restrictions will remain in place until 12 April and thereafter, some restrictions will apply into May/June. Further restrictions may then need to be reintroduced during winter 21/22, based on the latest information being provided by Government and Chief Advisers.*

B - £500,000 ring-fenced for a '**Business Revival**' scheme to support businesses to adapt, diversify, digitalise and prepare for re-opening. It is proposed that this fund could be used to purchase equipment, invest in premises, digital technologies, marketing, mentoring or training. Guidance will be provided but the fund will remain flexible to respond to individual business needs. The fund will focus on support for SMEs, impacted by Covid but the scheme will not be sector specific. City of Lincoln is seeking to work in partnership with Lincolnshire County Council and other Lincolnshire Authorities

to deliver this scheme.

Reason: *This would be an extension to and more flexible version of the previous, oversubscribed 'Kickstart' scheme administered by Business Lincolnshire using ERDF funds. It is wholly additional to the 'cash-flow' support we are offering through lockdowns and in keeping with the requirement of ARG, which cannot be used as wage supplement. It will apply across sectors and should therefore be additional to the 'Restart Grants' announced in the Budget statement which focus on hospitality and retail only. It offers positive support to encourage revival through diversification, upskilling and other means but affords the business flexibility to choose what is right for them rather than being told what they should do. Responds to advice from business stakeholders and intermediaries and is complementary to Lincolnshire County Council's proposed package of support. The scheme may be launched in phases to respond and adapt to business needs and to ensure there is capacity to manage.*

Timescale: *from April 2021*

C – Up to £900k for a Visitor Economy Support Package, which would help fund a renewed place marketing campaign, co-ordinated through the Destination Management Organisation (DMO), Visit Lincoln and enable further support to the tourism and hospitality sector, for example to assist with online marketing, sales and training. Further 'top-up' grants may be considered to support tourism and hospitality sector businesses; this measure will be considered in the context of the 'Restart Grants'¹, announced in the Budget on 3rd March 2021.

Reason: *Visitor Economy has been decimated by the crisis but is a key sector for our economy and with an opportunity to capitalise on the growth in the domestic market in 2021, we need to be prepared to rebuild. The DMO will enable a co-ordinated approach to supporting the sector in a coherent and co-ordinated way over the long-term.*

D – Up to £350k for a High Street Recovery Package, to support retail businesses and high street recovery as a whole. The Council will work in partnership with Lincoln BIG, with a package of measures tailored to address business priorities identified through a recent survey carried out by Lincoln BIG and earlier work to develop a new High Street Recovery Plan. This will include measures to address security, marketing and events as well as providing direct support to businesses. A further strand will focus on support for the Central Market proposals – part of the Town Deal programme – and specifically to provide support to Market Traders.

Reason: *supporting the recovery of the High Street and its offer will be crucial to ensuring readiness and vibrancy post covid. Previous funding identified to support this work (through the European Regional Development Fund [ERDF]) has not materialised and so ARG offers an alternative option to support a wider programme of activities and to complement and add value to what can be*

¹ Providing up to £6,000 per premises for non-essential retail and up to £18,000 per premises for hospitality and sectors opening later.

achieved through the Town Deal.

E – Up to £180k for measures to **support young people in business** or with a route to employment. This would include support for new starts in key growth areas such as digital/tech through a **Digital Accelerator Programme**, which would provide mentoring and support to nurture tech entrepreneurs, complementing the potential seed funding that could be offered to help with set up costs through the ‘business revival’ or wider County support packages. Funds for a **City Apprenticeship** scheme will also be considered, as an alternative route to employment for young people.

***Reason:** We are aware that a number of redundancies have resulted from the acquisition of local tech firms, largely impacting young people. The trend towards self-employment/start-up amongst young graduates is something which is likely to continue. Sector specific accelerator programmes (such as the current Agri-Tech programme, offered by the University of Lincoln²) offer an opportunity to support and nurture entrepreneurialism and this is something previously identified in our Digital Strategy. It offers a cost-effective mechanism to support a number of prospective tech entrepreneurs and would complement the wider funding packages being offered.*

Apprenticeships would provide a follow-on from the ‘kickstart’ work placement scheme and offer an alternative to self-employment/start-up as a route to employment. This is something the City Council has a strong track record in delivering and something which could be considered as a roll-out to external firms.

6. Strategic Priorities

6.1 Let's drive economic growth

The objective of the ARG funding is to provide support to businesses and to promote the City's economic recovery. This will directly support the Council's Strategic Vision in respect of economic growth. The objective in Lincoln is to drive a growth agenda that is both inclusive and sustainable.

6.2 Let's deliver quality housing

Whilst the ARG funds have an economic focus, indirectly, by driving economic recovery the programme will have a positive impact on the delivery of quality housing by supporting city vibrancy which will in turn support market demand and viability.

6.3 Let's enhance our remarkable place

The proposals will support business activity within the City and promote economic vibrancy which will in turn help to sustain and safeguard the place.

² [Agri-Tech Accelerator – 10x10 Business Accelerator \(10by10.co.uk\)](https://10by10.co.uk/)

6.4 Let's address the challenges of climate change

The programme will support business diversification required as a result of covid. This includes measures such as digitalisation and wider adaptations that also align with the net zero objective. Supporting a vibrant City Centre also aligns with our sustainable growth objectives.

7. **Organisational Impacts**

7.1 **Legal Implications including Procurement Rules**

All of the activities outlined within this report will be required to align with the Government Guidance in respect of ARG funds.

All contracting and procurement activity will be undertaken in accordance with the Council's Contract Procedure Rules and ultimately Public Contract Regulations 2015 and all other relevant legislation.

7.2 **Financial Implications**

The costs associated with the delivery of this programme will be met from the Council's ARG allocation and existing staff resource.

7.3 **Equality, Diversity and Human Rights include**

As identified in the Greater Lincolnshire Recovery Plan significant increases in unemployment can be expected short term because of Covid. This, and the expected reduction in investment training and apprenticeship provision by local businesses is likely to particularly disadvantage the young. The proposal to include 'Measures to support young people in business or with a route to employment' will help to address this issue. The proposals will also contribute to better access to services both through supporting wider City Centre regeneration and encouraging the use of digital technologies.

In meeting the requirement of local business during this challenging period, the programme is seeking to address local needs and create opportunities for all. The overriding objective being to ensure growth is both inclusive and sustainable.

The Council will continue to adhere to government guidelines and to consider all individuals in shaping detailed project proposals.

7.4 **Human Resources**

This programme will be led by existing staff within the Major Development Directorate drawing on other Council expert resources including legal, finance and procurement staff.

7.5 **Land, Property and Accommodation**

The proposals will support local businesses occupying land and property. In this regard the proposals will help to safeguard these assets and support economic recovery/city vibrancy.

7.6 Significant Community Impact

Subject to approval this programme will have a positive community impact. Please refer to the emerging vision and delivery plan for specific details. The Plan has been developed in the context of stakeholder consultation.

8. Risk Implications

8.1 Risk: Lack of Take Up

Mitigation: stakeholder engagement and survey work carried out to understand need and demand for the different measures.

8.2 Risk: Resource to Deliver

Mitigation: range of partners identified to be involved in the delivery to ensure capacity.

8.3 Risk: Doesn't meet terms of funding award

Mitigation: ARG funds can be used to support businesses at the discretion of the local authority. Further FAQs and advice has been sought with regard to the provision of funding to support delivery as set out in this report.

9. Recommendation

9.1 To approve proposals for the use of Additional Restrictions Grant (ARG) funding to provide ongoing support to businesses impacted by Covid-19 and promote the economic recovery of the City.

9.2 To agree to delegate the final allocation of funding for each of the measures outlined in this report to the S151 Officer Director of Major Developments.

Is this a key decision?	Yes
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Do the exempt information categories apply?	No
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Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?	No
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How many appendices does the report contain?	2
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List of Background Papers:

Lead Officer:

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Development
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Appendix 1 Summary of Consultation Findings

To support this process, we have engaged with a range of stakeholders, including:

- The Federation of Small Businesses (FSB)
- Visit Lincoln
- East Lindsey District Council
- West Lindsey District Council
- Lincoln BIG
- Lincoln Science and Innovation Park (LSIP)
- University of Lincoln

Stakeholder Findings

Ensure that hospitality is supported and can capitalise on anticipated increase in domestic tourism market from summer 2021 onwards
Consider those in shared retail/leisure spaces and arts and heritage sector
In the manufacturing sector, staff absences are viewed as an inconvenience, but there is no evidence of loss of productivity locally
Ensure positive messaging of the 'Kickstart Scheme' and provide some guidance on the use of the funding
Believed that £3k represents the correct amount for the 'Kickstart Scheme'
Visit Lincoln to offer a basic free listing for all businesses in Lincoln
There is an identified need for support with online marketing and Visit Lincoln are seeking to offer an enhanced package
There is the opportunity to align and add value, in collaboration with East Lindsey and West Lindsey and to support a county-wide DMO
Lincoln BIG's business Survey, undertaken to inform their priorities for 2021, illustrated that the principal challenges facing retail / high street businesses over the next 12 months include: <ul style="list-style-type: none"> - Paying rent - Continuity of business - Lack of footfall - Managing customer behaviour - Giving up the business - Getting back customers - Working from home becomes the norm In terms of support over the next 12 months, the following priorities were identified (in order of ranking) <ol style="list-style-type: none"> 1- Accessing government grants and loans / other financial support 2- General business advice and regular news updates 3- Marketing and public relations 4- Social media 5- Financial / cash flow issues 6- Business networking and events 7- Online trading 8- Wellbeing support
Flexible grant scheme could support with the following identified issues: <ul style="list-style-type: none"> - Adapting to Covid-19 safe workspaces to enable safe re-opening - Stimulating capital expenditure; businesses have delayed spending due to the uncertainties. Providing a capital injection could act as a stimulus to invest to support recovery and growth - Businesses are experiencing problems in accessing goods from the EU, support would help in adapting their processes to source local supply chains - Upskilling/adapting to new ways of working and need to connect with young graduates
There have been a number of redundancies amongst young people as a result of tech acquisitions/limited opportunities.

Appendix 2: Business Response

Within the current grant application forms, a question has been included, asking businesses what additional support they feel would assist them during the covid pandemic and to support economic recovery.

The charts below show an overview of the additional support comments received from business highlighted within their grant application. A total of 281 comments were received, of which the greatest proportion (122) were from the retail sector, followed by restaurants (23).

The comments have been split into the most mentioned categories (Figure 1). A further breakdown of the key points raised by businesses is summarised below.

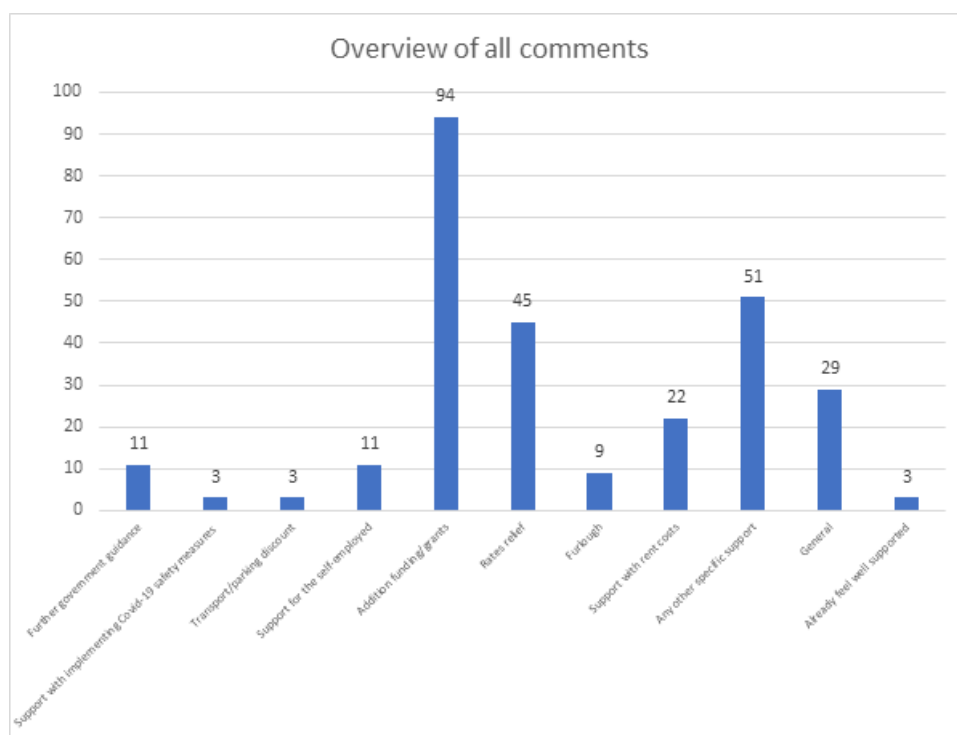


Figure 1

Principal Points

Further government guidance

- Detailed information/advice on operating safely in each tiered restriction
- Increased sign posting for help for small businesses
- Regular business information updates be email on changes
- Up to date PPE guidance
- Continued sharing of good practice around Covid safety measures

Support with implementing Covid-19 safety measures

- Support towards PPE costs
- Help towards making premises Covid secure
- Support in presenting appropriate advertising to help win customers back

Transport/parking discount

- issues pertaining to current parking restriction times, creating barriers for shoppers

- encouragement for residents to shop locally
- reduction in parking prices

Support for the self-employed

- grants for directors
- more immediate SEISS payment
- longer tax deadlines

Additional funding/grants

- additional financial help for the loss of income during peak trading summer months
- grants to cover rent and overheads
- further discretionary grants would be helpful as this would help to support low wage staff
- low interest loans
- turnover based support
- tax incentive grants for hiring new employees

Rates relief

- further business rate reductions from March 2021
- Continued VAT relief at 5%
- A reduction in the BID Levy

Furlough

- Continuation of furlough scheme
- Furlough payment or support for directors who are currently excluded from the range of grants and support available

Support with rent costs

- Rent reductions
- Rent freezes due to not being able to use workspace
- Continuation of the retail discount
- Grants to support the payment of rent
- Rent contributions from government, similar to the eat out to help out scheme, offering financial contribution to customers making purchases