

# LEADER'S BRIEFING

## BUSINESS SUPPORT RESPONSE TO CV-19



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**Meeting date:** \*\*\*

### Portfolio: (Please tick relevant item)

Economic Development and Public Service Reform	X
Resources	
Early Intervention	
Homes and Housing	
Public Protection	
Streetscene Services	
Customer, Advice and Streetscene Services	

### Executive Member comments/decision:

1.

### Senior Management Team comments/recommendations:

2.

### Issues for discussion:

3. Feedback is sought on potential joint Council interventions in response to the CV-19 situation in respect of three specific issues:

- Supporting businesses experiencing hardship through enhanced business support, advice and guidance.
- Supporting businesses experiencing hardship through direct or indirect financial support.
- Supporting businesses to encourage the retention of apprentices and/or support to apprentices displaced by businesses

### Report/Information (attached) (if needed):

4. A tele-conference was held on 4<sup>th</sup> May involving key officers and Cllrs Bradley, Wilson, Foster, Titherington and Flannery.

Discussions centred on the issues being faced by business, the support currently available and any perceived gaps in provision.

Officers were asked to feedback ideas specifically on the three issues listed above by Thursday 7<sup>th</sup> May, so that Members could consider over the weekend and feedback thereafter.

At the time of writing, a Government announcement is expected on Sunday 10<sup>th</sup> May regarding lockdown measures. In addition, Government guidance is awaited on the recent announcement regarding the extension of the grant scheme to introduce additional flexibilities. Both of these may impact on the business environment and content of this report.

### **Supporting businesses experiencing hardship through enhanced business support, advice and guidance.**

There have been raft of support measures announced by Government. It is apparent that the duration of the lockdown, any potential prolongation or phased release and resultant general economic downturn will continue to impact on the sustainability of businesses. Within this, there appears a specific issue with cashflow for what otherwise, would be sustainable businesses.

There has also been anecdotal evidence of businesses struggling to access loan finance. Since the meeting on 4<sup>th</sup> May, Officers have sourced some data on take up on the initial CBILS loan scheme. Whilst no local data is available, national figures suggest a 49% approval rate against c.54,000 applications.

The Government has supplemented the CBILS scheme with the more straightforward, smaller scale Bounce Back Loan. Data suggests that this has been more popular with an immediate c.60,000 applications nationally within a day of its launch. The much simpler application process and smaller value has obviously a wider appeal than the previous scheme. The rate of successful applications is yet to be released.

Officers have sought anecdotal feedback from contacts within the Business Banking sector. They cite a lack of/changing guidance on implementation on the CBILS scheme as having an impact on the early stages. This is consistent with Local Govt experience of the grant schemes. Contacts have also provided some general feedback on their experience of providing finance to SMEs. Comments include:

- Varying degrees in the quantity and quality of financial information presented
- Varying degrees in the viability and sustainability of businesses both before and after CV-19
- Varying degrees in quality and depth in terms of accountancy support and advice received by businesses.

There is a range of existing business support mechanisms available across Lancashire. Attempts have been made to adapt this for the current circumstances, such as relaxing some of the criteria relating to which businesses can be supported. There are some limitations to the existing support network in the current context. Examples include:

- A system predominantly geared towards assisting start-ups and growth, rather than survival
- A system predominantly geared towards B2B as a result of retail being excluded from ERDF funded programmes
- Potential limitations in capacity in the current circumstances (particularly in relation to specialist financial advice).

## **Proposed Activity**

Officers have therefore worked up a proposal to supplement the existing infrastructure at a local level. This does not seek to replace the current programmes and relationships with existing providers such as Growth Lancashire, but rather provide an enhanced level of support and additional capacity to local businesses in relation to finance.

The main elements of the proposal are as follows:

- Undertake an urgent survey of businesses on our contact database with a short Survey Monkey poll to gain an initial view of key issues and pressures
- Develop a local campaign encouraging businesses experiencing difficulties to make direct contact with the Business Support/Economic Development Teams
- The team will undertake an initial triage and ascertain what kind of support businesses require
- General advice and guidance on interpreting existing CV-19 support will be provided directly by the teams as is the case now.
- Where appropriate, those that would benefit from support from the existing Lancashire business support mechanisms will be referred and tracked as is the case now.
- Those requiring specific financial advice (as part of a review of cashflow and business planning) will be able to access additional, Council funded, local expertise.
- Support beyond finance will also be a key feature such as advising businesses how to get open and trading quickly and safely

It is proposed that the Council(s) enter into agreements with a number of local professional services firms to provide their services on an hourly basis to meet a gap in existing support / capacity . It is important that such firms have the relevant expertise and capacity. It is likely that a basic specification would include:

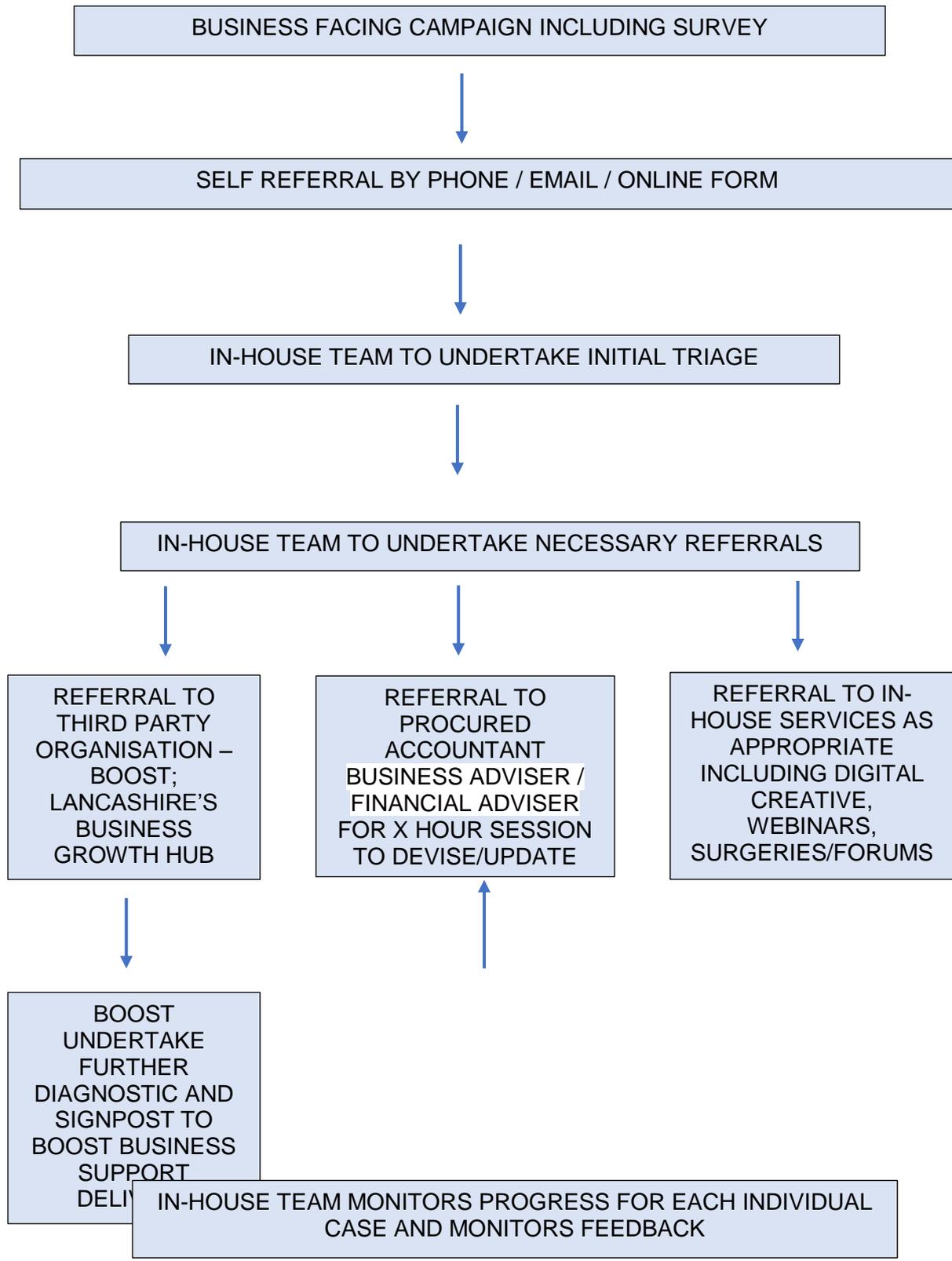
- Initial diagnostic to establish business viability
- Cash flow analysis and advice on cost reduction, negotiation with creditors and debt consolidation
- Where necessary, assistance in finance applications and provision of supporting documentation.

Officers are currently approaching relevant firms to see if the capacity is there and for fee proposals so the cost estimates below will require further refinement. Fee proposals received to date include an initial non-chargeable session, followed by varying rates for additional work packages.

It is estimated that an hour of time from a professional services firm would be billed at £100-£200 per hour.

Based on an assumption of an average of £250 per business assist, a budget allocation of £50,000 from each Council would enable 200 business assists in each borough. Clearly, this can be moved upwards if Members consider it is worth investing more budget.

The diagram below gives an outline of the process.



## Supporting businesses experiencing hardship through direct or indirect financial support

Members requested that Officers explore models for direct financial support to businesses, potentially utilising the remaining balance from the Government grant awards. As stated earlier in this report, at the time of writing no further guidance has been issued since the latest Government announcement and so it remains unclear what additional discretion will be afforded Council's and how unallocated monies will be treated. It will therefore be worth re-visiting this, once the guidance is issued.

The table below provides a headline summary of models that could be further explored.

Model	Comments
Council becomes a direct lender	It is not proposed that this option is pursued as developing the legislative consents, processes and in-house expertise would not enable a swift response.
Council partners with existing lender to offer local finance loan product	<p>This would require identification of willing local partner and legal agreements between the two parties.</p> <p>Rather than providing the actual capital, the Council could follow the government lead and effectively underwrite loan repayments.</p> <p>It should be noted that there would be an inherent risk in underwriting loans to businesses that have already been refused by mainstream lenders.</p> <p>It is recommended that the Council seeks external specialist advice if this model is to be developed.</p>
Council acquires equity share in businesses seeking finance or investment	<p>Rather than providing either grant or loan, the Council could invest in local businesses in return for an equity share and potential future return.</p> <p>Given the current economic context, it may prove difficult to predict the future health of individual businesses.</p> <p>It is recommended that the Council seeks external specialist advice if this model is to be developed.</p>
The Council utilises the remaining balance of the Govt grant fund to fund additional discretionary grants to business	This will be dependent on the content of the guidance still to be issued by Government. If the guidance does give Local Authorities such flexibility, additional grant criteria and loan values will need to be developed and

	agreed by each Council.
The Councils Provide Additional Grant beyond the current Government ones aimed at those who are currently ineligible and those facing particular hardship	This would be dependent on budgets and would need to have all necessary checks and balances undertaken. The grant award could be conditional upon the business participating in and passing measures in the business diagnostic support above to ensure that the grant paid is used for an otherwise sustainable business. Furthermore the business would need to provide evidence of hardship.
The Councils could agree to fund for example 50% of businesses premises rent in certain sectors with demonstrable hardship for a time limited period.	This would be dependent on budgets and would need to have all necessary checks and balances undertaken. The grant award could be conditional upon the business participating in and passing measures in the business diagnostic support above to ensure that the grant paid is used for an otherwise sustainable business. Furthermore the business would need to provide evidence of hardship.
The Council provide capital grant award to part fund improvements and adaptations to business premises to pump prime business change and development. Equally the grant fund could be used for investment in new machinery to enable a business to adapt.	This would be dependent on budgets and would need to have all necessary checks and balances undertaken. The grant award could be conditional upon the business participating in and passing measures in the business diagnostic support above to ensure that the grant paid is used for an otherwise sustainable business. Furthermore the business would need to provide evidence of hardship.

### **Supporting businesses to encourage the retention of apprentices and/or support to apprentices not retained by businesses**

Officers are currently working with other bodies to assess the current position with regard to apprentices. The LEP are currently gathering data, via a business survey, to ascertain how the pandemic has affected apprenticeships. Officers have asked the LEP to share this analysis with them to identify particular local circumstances as quickly as possible. Officers are also working closely with Tim Cutler and the Lancashire Work Based Learning Forum to gather intelligence from providers on how current apprentices have been impacted – those furloughed, on a break in learning and those who have been made redundant. Such intelligence is being fed in to relevant government departments such as the ESFA and BEIS – they are asking for this data.

It appears that nationally the Government is doing very little to specifically support apprentices therefore we need to develop and implement a local response. Outlined below are options and actions for Members to consider.

Model	Comments
Lobbying	LEP, BEIS, MP for changes to policy and funding to support apprentices, employers remove training providers because they still have funding available
Support for Displaced	Provide dedicated local support through existing

Apprentices	<p>projects such as Apprentice Factory to advise apprentices and signpost them to opportunities and training. Work with the LEP Skills Hub and Lancashire Work-based Learning Forum <del>National Apprentice Service</del> to establish this support locally</p> <p>Providing online or socially distant careers fairs eg SHOUT Network are hosting such a fair in the end of the month.</p> <p>Explore options for a shared apprentice scheme amongst local businesses and public sector organisations</p>
Support for Y11 and Y13 School and College Leavers	<p>This support would be aimed at those leavers who would have taken up an apprentice and those who are leaving in the middle of the current crisis. And not sure where to turn.</p> <p>Measures may include 121 advice and workshops and careers fairs</p>
Direct Intervention – displaced apprentices	<p>If we were to offer apprenticeship opportunities at the Councils for displaced apprentices, we would need to ascertain organisational need and fit, to assess if departments had the resources to support them, to interview them to see if they meet our selection criteria. We would also need to do checks with their existing training provider to ensure we were taking on apprentices who were ‘on track’</p> <p>We would need to allocate additional apprenticeship salary budgets</p> <p>It is worth noting that some departments may well be busier following COVID19 which could provide opportunities for apprentices</p>
Direct Intervention – Y11 and Y13 Leavers	<p>Leavers in Y11 and Y13 are facing very difficult circumstances in sourcing onward training and employment.</p> <p>The Councils could identify a number of apprentices who could enter a more general apprenticeship in to local government eg the business administration route, or a technical route</p> <p>We would need to allocate additional apprenticeship salary budgets.</p> <p>Urgent work would be to identify relevant roles and positions within services.</p>
Support for Employers	Such support could have a number of dimensions and

	<p>cover the following scenarios:</p> <ul style="list-style-type: none"><li>• Employer is keen to take on apprentices as their sector is growing eg food retailing</li><li>• Employer has current apprentices and is facing difficulties in keeping them on but would like to retain</li><li>• Employer has no choice but to release apprentices and wants to do the right thing to assist that apprentice in to something else</li></ul>
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