

**Paper for: LEP Board**

**Title: Business Recovery and Capital Restructuring Grants**

**Date: 15th July 2020**

**Strategic Purpose: Delivery of Strategic Objectives**

**Resource Implications: Up to £1M of Growing Places Fund, Administrative Resource.**

**Board: For Discussion – To note the proposals for business recovery and confirm the basis of a capital grant scheme in response to Covid-19.**

## **1. Background and Purpose of the Grants Scheme**

- 1.1. In response to the challenges facing local business in Cheshire and Warrington arising from the Covid-19 pandemic, the board has discussed its ambition to use some of the Growing Places Fund in the form of grant schemes to support businesses adversely affected by Covid-19 to restructure and adapt, thus aiding recovery. The Growing Places Fund is limited to capital uses and, as such, the grant recipients will be required to use the grants to purchase items of long-term (over one year) economic value to their “post-Covid” business model.
- 1.2. The LEP, like many organisations, has little experience of how successful this type of intervention might be, and the scheme could be viewed as a demonstrator or pilot.
- 1.3. We are also in discussions with BEIS and MHCLG about further grant support for businesses. MHCLG has announced a £10 million fund for SME tourism businesses in England that will provide grants of up to £5,000 to help them adapt their businesses following the coronavirus pandemic. Businesses can use the funding to pay for specialist professional advice such as human resources, legal or financial expertise, to adopt new technology and online systems or to purchase new equipment. We are working with MHCLG to agree Cheshire and Warrington’s allocation. We are also in discussion with BEIS about additional funding to allow the Growth Hub to provide peer to peer business network support and advice. A paper will be taken to the LEP Business Growth Committee for further discussion of these programmes.

## **2. Outline of the Proposed Grant Scheme**

- 2.1. The proposal is to make available, initially £500,000, and up to £1Million, depending on demand and success, from the Growing Places Fund in the form of grants. Intelligence from the Growth Hub and Marketing Cheshire indicates that many small businesses particularly in the sectors most affected by lockdown, could benefit from relatively small grants, £1,000 - £5,000, and on average £2,000. This is a reduction from initial thoughts of £10,000 but aligns more closely with BEIS/ MHCLG thinking.
- 2.2. The outline criteria for the scheme are:
  - Small Businesses (up to 50 employees) and self-employed.

- Not sector specific
- A minimum match of 20% of the grant.

All applicants will be required to

- Demonstrate an adverse impact of Covid-19
- Demonstrate how the grant will improve turnover, or create jobs
- Demonstrate they are solvent, by paying for the items and receiving reimbursement against payments made
- That the investment is for capital

2.3. Applications for grants will be kept simple and straight forward, using an on-line portal, requiring a short explanation regarding the nature of the investment and the benefits it will achieve. Applications will be assessed quickly and payment of grant will follow quickly once evidence of expenditure has been provided.

2.4. Successful applicants will be required to display a notice / sticker that they received a grant from the LEP.

2.5. It is still too early to assess how successful the reopening of our retail and hospitality businesses has been. We know there is significantly reduced footfall in town centres and that many businesses have had to invest in PPE and to adjust their operating model. Therefore, we think there will be market demand for this funding.

### **3. Funding and Resourcing**

3.1. GPF has been ringfenced within Cheshire and Warrington as a loan fund. The proposal to use £1M as grants represents approximately 8% of the total original GPF fund of £12.1M.

3.2. Currently the GPF fund has only £500,000 “free cash” available which can fund the pilot. £5.8M is expected to be released once the EZ Loan Facilities are agreed, thus providing the cash to finance an increase in the scheme.

3.3. The LEP is not adequately resourced to create an on-line portal or process several hundred applications with the turn round time necessary. Responses to a tender for third party management of the grants scheme are presently being evaluated, with the administrative costs being paid from the Grant scheme.

### **4. Risks and Considerations**

4.1. The board has already discussed the key risks associated with this proposal, which include managing demand, fraud and the evaluation of the value for money. The tender applicants have been asked to address how they will minimise these risks.

### **5. Recommendation**

5.1. The Board is requested to approve the proposed grant scheme.

**Joe Manning / Ian Brooks**

**Deputy CEO / Finance and Commercial Director**

**July 2020**