



MAYOR OF CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: 7.1
25 MARCH 2020	PUBLIC REPORT

COMBINED AUTHORITY RESPONSE TO COVID-19

URGENT REPORT

1.0 PURPOSE

- 1.1. The purpose of this report is to outline the Combined Authority's response to COVID-19 including the recommendations for adoption.
- 1.2. This report is urgent given the current state of emergency faced by the UK and worldwide as a result of COVID-19. The measure proposed are of an urgent nature and the recommendations presented must be approved by the Mayor.

<u>DECISION REQUIRED</u>	
Lead Member:	Mayor James Palmer
Lead Officer:	Kim Sawyer, Chief Executive
Forward Plan Ref: KD2020/034	Key Decision: Yes
<p>The Mayor is recommended to:</p> <ul style="list-style-type: none">(a) Approve the proposed Combined Authority response to COVID-19 set out in this report(b) Approve the development of medium term business recovery support(c) Approve the offer of interest accruing repayment holidays to companies in receipt of a Local Growth Fund loans covering repayments due between 24th March 2020 and 31st August 2020(d) Approve the adjustment of the current Small Capital Grant Scheme criteria on Intervention rates, Jobs output value ratio to grant value, including safeguarded jobs in output	

measures for grants, subject to consultation with BEIS advice	
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2.0 BACKGROUND

- 2.1. COVID-19 continues to drastically impact of all aspects of everyday life, including health, social and community life, our economy and our democratic systems. This unprecedented impact is affecting the world at large. Proactive strategies have been employed by Government to best deal with this crisis and efforts continue to ensure recovery.
- 2.2. The Local Resilience Forum has formed its Strategic Coordination Group (SCG). Constituent council members will be aware of the work of the group and the essential role it plays within our region coordinating the immediate and daily public health protections, care of the elderly and vulnerable and providing vital community services in a state of emergency.
- 2.3. The SCG has asked the Combined Authority to chair an Economic Recovery Group to report on the coordination of business support and the development of strategies to underpin the economic recovery of our area. The Combined Authority is well placed through its strong links with the Business Board to provide that coordinating role. Draft Terms of Reference for the Sub-Group are attached as Appendix A.

GOVERNMENT ECONOMIC RESPONSE

- 2.4. Numerous measures have been implemented by Government to provide an economic response to COVID-19. Most recently the Government announced the measures detailed below.
- 2.5. **New Coronavirus Job Retention Scheme** for any business, charity or non-profit organisation, of up to 80% of the salary (up to £2,500 per month) of anyone not working (but retaining a job) as a result of Covid-19. Wages are backdated to 1 March 2020 and the initial period is for 3 months but may extended. There is no limit on funding, which is a grant and not a loan. This will be administered through HMRC.
- 2.6. **Deferral of Tax and VAT Payments** whereby all UK VAT registered businesses can defer VAT payments due between 20 March 2020 and 30 June 2020 until the end of the tax year. Income Tax Self-Assessment payments for the self-employed due on 31 July 2020 to 31 January 2021 has also been deferred to 31 July 2021. This will be administered through HMRC.
- 2.7. **Grants for retail, hospitality and leisure businesses** consisting of a £25k grant for retail, hospitality and leisure businesses operating from smaller premises with a rateable value between £15 and £51k. This will be administered through Local Authorities.

- 2.8. **Grants for small businesses that pay little or no business rates businesses** consisting of a £10k for firms currently eligible for SBRR or rural rate relief, to help meet their ongoing business costs. This will be administered through Local Authorities.
- 2.9. **Business Rate relief** allowing for a 100% business rates discount for all retail, leisure and hospitality venues with no limit to Rateable Values. This will be administered through Local Authorities.
- 2.10. **Coronavirus Business Interruption Loan Scheme (CBILS)** for businesses with a turnover of up to £45m. This is a lending scheme from £1000 up to £5m per company, interest free for the first 12 months, with the Government offering bank lenders a guarantee for 80% of the debt. This will be administered through high street banks.
- 2.11. **Time to Pay arrangements “TTP”** which allows a business to defer current (as opposed to prospective) tax debts (principally corporation / income tax, payroll taxes and VAT) by converting settlement to instalments over a 3-12 months period. This will be administered through HMRC.
- 2.12. **Extra support for the welfare system** including increasing Universal Credit standard allowance, for the next 12 months, by £1,000 a year, increasing the Working Tax Credit basic element also for the next 12 months by £1,000 per year. Suspension of the minimum income floor for the self-employed affected by the economic impacts of coronavirus.
- 2.13. **Statutory Sick Pay “SSP” for Small or medium sized businesses** payable to qualifying employees and now payable from day 1 for those who self-isolate or are unwell because of COVID-19 (the first 3 days are normally unpaid). The current rate of SSP is £94.25 per week.

COMBINED AUTHORITY RESPONSE

- 3.0 The Combined Authority has formulated an immediate, short term and medium-term response to COVID-19.

IMMEDIATE RESPONSE

- 3.1 The Combined Authority has adopted the position of remaining ‘open for business’. Planned meetings have and will continue to take place virtually. The Mayor’s general power of competence will be relied upon to make decisions regarding grant funding and loans as legislation is yet to be enacted which would enable the Combined Authority Board and its Executive Committees to hold virtual meetings.
- 3.2 The Combined Authority’s workforce is fully mobilised to work from home and technology has been introduced to enable private and public meetings, allowing the democratic process to resume swiftly.

- 3.3 The Combined Authority is working with partners and bus operators to try and ensure that adequate public transport is available for those key workers who need to travel to work and for people who need access to essential services or for essential food shopping. As at Monday of this week, bus ridership has fallen by over 70%, seriously eroding bus companies' commercial revenues, and the main providers have reduced their services in response. The Combined Authority has asked the Local Resilience Forum to provide input on which routes and services it may be most important to maintain in order to support essential public services. The Director of Delivery and Strategy has communicated with Ministers about funding for bus services and has also worked with providers and partner organisations concerning the need to provide continuity of funding for home to school transport. Those providers have made offers to assist with other socially necessary support, for example for people in need of shielding.

SHORT TERM RESPONSE (2-20 weeks)

- 3.4 The Business Board will coordinate **Business Communications**, monitoring all HMG business-related updates and those from the COVID 19 SCG's Warn & Inform Group. Cascading messages to business using the Combined Authority's Comms Channels and its network of Business Organisations. Collating local intelligence on business impact to feed back to HMG, including a weekly questionnaire for business to gather analytics for BEIS
- 3.5 The Business Board will coordinate **Business Information, Advice, Guidance & Signposting** (IAGS). The package of support announced by the HMG last week seems to have met the immediate challenge of business liquidity and job protection. The Combined Authority's role is now a fairly simple IAGS task, using the combined and refocused resources of the Growth Hub, the repurposed Brexit Readiness team and other redeployed Combined Authority staff.
- 3.6 The Business Board will offer **interest accruing repayment holidays** to companies in receipt of a Local Growth Fund loans covering repayments due between 24th March 2020 and 31st August 2020. See Appendix c.
- 3.7 The Business Board will make **adjustments to the terms and conditions upon which the Small Capital Grant Scheme is offered**. Specifically to adjust the criteria on Intervention rates, Jobs output value ratio to grant value, including safeguarded jobs in output measures for grants, subject to consultation with BEIS. See Appendix C.
- 3.8 The Combine Authority will consider future proposals for loan repayment holidays for all investment funds loans and housing schemes.
- 3.9 A review of all key priorities will be undertaken to consider risks to delivery. Budgets may need to be re-prioritised and consideration given to whether the Combined Authority should create a 'COVID crisis fund' recognising now that the Government is offering considerable employment support.

- 3.10 Public virtual meetings will be introduced as soon as the legislation is passed. Staff will be refocused on key immediate tasks.

MEDIUM TERM RESPONSE (month 3-21)

- 3.11 All priorities will be reviewed to focus on those which will increase the ability of economic recovery & budget realignment.
- 3.12 The Business Board will develop ideas for an 18-month medium-term COVID 19 Business Recovery Programme comprising four elements: **Recover – Orient – Adapt – Regrow (ROAR)**. See Appendix B.

- **The recover phase** would target the strengthening of the financial security and sustainability of local business, through a Recovery Investment Scheme for Enterprise (RISE).
- Then further support would be offered to help recovering firms through the **Orient and Adapt phase** to help them to cope with medium and long term shifts in markets and customer behaviours, resulting from COVID 19. This would involve Regrowth Accelerator Coaching for Enterprise (RACE) that harnesses a recruited and accredited pool of business coaches to help firms Orient & Adapt to permanent shifts in their business, whilst identifying regrowth opportunities, raising business leader ambition, identifying barriers, developing strategies and supporting implementation of change. The scheme could use a 50% revenue nudge grant to overcome the prevailing market failure, that stops widespread SMEs take-up professional advice and coaching, even though it is proven to accelerate and sustain higher growth.
- This coaching support would be a complementary 50% **Capital Regrowth Grant** to co-invest with local firms in new technology and equipment to help them adapt and capture new opportunities for regrowth between £25,000 and £250,000 based on a benchmark scheme performance level of £10,000 per new/regrown job created.

4.0 BUSINESS BOARD RESPONSE

- 4.1 At its meeting on 23 March 2020, the Business Board discussed ways in which it could support businesses in response to COVID-19. A number of recommendations were considered which primarily sit with the Combined Authority as accountable body for the Business Board. Full details of those recommendations can be found at Appendix C.
- 4.2 An urgent paper was circulated to member of the Business Board as requested by the Chair of the Business Board which is at Appendix C. That paper includes the proposed recommendations to the Business Board on 24 March 2020. The consensus from the Business Board was that those recommendations be recommended to the Combined Authority for approval.

5.0 FINANCIAL IMPLICATIONS

- 5.1. The actions recommended include a review of the organisation's priorities and budgets, as such it is not currently clear what the financial implications are in detail; however, all changes to the Authority's budget and MTFP will be done in consultation with the S73 officer to ensure that they continue to represent a balanced budget, and do not affect the medium or long term operational viability of the Combined Authority.
- 5.2. The impact of providing a short term (6 month) loan holiday to Local Growth Fund loan recipients is not material to the combined authority's accounts.

6.0 LEGAL IMPLICATIONS

- 6.1. The National Local Growth Assurance Framework and the Combined Authority's Assurance Framework both set out the remit under which the Business Board must operate. Given the current climate and the unprecedented events, all proposals should be implemented in consultation with the Department for Business, Energy and Industrial Strategy.

7.0 APPENDICES

- 7.1. Appendix A – Draft ToR for Economic Recovery Sub-Group
Appendix B – Medium-term COVID 19 Business Recovery Programme
Appendix C - Business Board Proposed Local Growth Fund Support to COVID Affected Businesses

<u>Background Papers</u>	<u>Location</u>
Business Board meeting papers 23 March 2020	https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/876/Committee/69/SelectedTab/Documents/Default.aspx