



BUSINESS BOARD	AGENDA ITEM No: 1.1
DATE 17 April 2020	PUBLIC REPORT URGENCY PROCEDURES

COVID-19 CAPITAL GRANT SCHEME

1.0 PURPOSE

1.1. The COVID-19 Capital Grant scheme has seen an exponential level of applications and interest. This paper provides an update on the grant scheme performance since launch on 7th April and outlines the requirement for additional funding to service applications received.

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Interim Chair Business Board
Lead Officer:	John T Hill, Director Business & Skills
Forward Plan Ref:	Key Decision: Yes
The Business Board is recommended to: (a) Recommend to the Combined Authority Board approval of allocating an additional £3million Local Growth Funding to the COVID-19 Capital Grant Scheme from the returned unallocated Local Growth Funding.	

1.0 BACKGROUND

1.1. The COVID-19 Capital Grant scheme was launched on 7th April as a response to COVID-19 crisis taking over the Small Business Capital Grant Scheme with reprioritised criteria as noted at the Mayoral decision-making meeting on 25 March 2020.

1.2. The COVID-19 Capital Grant scheme is currently funded with the residual £2.4million Local Growth Funds transferred from the previous £3million Small Business Capital Grant Scheme.

1.3. The scheme is hosted online at <https://capitalgrantscheme.co.uk/> and has been set up at pace to provide a faster application process and automated processing and templated response triggers. The Officer team is still maintaining scheme oversight particularly the external appraisals and due diligence aspects of applications that progress from initial meeting of criteria to Grant Offer letters through to payment to applicants.

1.4. The scheme criteria is, as noted by Combined Authority Board, enhanced from the previous Small Business Capital Grants Scheme to support companies to respond/adapt/adjust to the COVID-19 crisis – this being capital grants to SME's with 5 to 249 employees as per below:

- For grants of £2,000 - £49,999, up to 80% of the capital/equipment costs will be funded. This means that the minimum total project costs must be £2,500 in order to attract the minimum grant of £2,000.
- For grants of £50,000 - £150,000, up to 50% of the capital costs will be funded. This means that the minimum total project costs must be £100,000 in order to attract a grant of £50,000.
- All applicants must be able to demonstrate how the purchase of grant funded equipment/capital will protect or create jobs.
- Whilst the grant can pay up to 80% of the total project costs, it is a requirement that at least one job is protected or created for every £25,000 (or part of) of grant funding.
- The ceiling of the grant scheme is capped at £150,000 to allow the scheme to run under state aid de minimus rules for SME's

2.0 COVID-19 CAPITAL GRANT SCHEME POSITION

2.1. As of the 15th April 2020 the COVID-19 capital grant scheme had the following applications and successful offer of grants in process to date:

- Number of Applications Received to Date: 135 (Total value: £6,280,645)
- Number of Applications Still in Progress: 89 (Pipeline value: £5,211,785)
- Number of Applications at Grant Offer Stage: 7 (Grant value: £518,000)

The current pipeline of applications in process already exceeds the £2.4million initially available, and the Board is recommended to support the addition of a

further £3million of Local Growth Funding into the COVID-19 Capital Grant scheme to achieve a total of £5.4million to service current demand in the system.

- 2.2. The current rate of applications is extremely high and, in order to avoid a large number of disappointed applicants when the grant funds are depleted, it is intended that the application process will be closed when the value of grant applications exceeds a certain level. Currently, the rejection rate during processing is approx. 25% therefore, assuming the recommendation to increase the funding allocation by £3m is approved, the application process will be closed to new applicants when total applications value at step 1 reaches £7million, currently at £6.2million. See **APPENDIX A** for the stages of process in the grant scheme.
- 2.3. We have already allocated and made much more accessible, to a wider range of firms and uses, £2.4m of capital grant funding for short term COVID support grants and seeking to extend this by a further £3m more. This rapidly configured grant service will act as a pilot for A Recovery Investment Scheme for Enterprise (RISE) to be continued and developed in the medium term see **APPENDIX B**.
- 2.4. In addition to this request, the Combined Authority is exploring the possibility of creating a complimentary fund, to that approved by the Business Board, which would target a different section of the economy and a paper outlining this will be presented to the Combined Authority Board on the 29th April 2020.

3.0 SIGNIFICANT IMPLICATIONS

- 3.1. None

4.0 FINANCIAL IMPLICATIONS

- 4.1. BEIS have released the 2019-20 Local Growth Fund allocation to CPCA and have recognised the Business Board as the region's LEP as such the future funding allocation are expected to be received. This funding is ringfenced for the projects approved by the LEP historically and the Business Board going forward thus there is no call on wider CPCA resources.

5.0 LEGAL IMPLICATIONS

The Combined Authority is the accountable body for the Business Board and retains financial oversight over all allocation and funding decisions.

6.0 IMPLICATIONS FOR NATURE

- 6.1 None

7.0 OTHER SIGNIFICANT IMPLICATIONS

7.1. None

8.0 APPENDICES

8.1. **Appendix A** : COVID-19 Grant Scheme Process Chart

8.2. **Appendix B** : Snap Shot 16 April - COVID 19 Response Development

<u>Background Papers</u>	<u>Location</u>
i. COVID-19 Capital Grant scheme	https://capitalgrantscheme.co.uk/
ii. Local Growth Fund Documents, Investment Prospectus, guidance and application forms	https://cambridgeshirepeterborough-ca.gov.uk/business-board/growth-funds/