



<b>CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD</b>	<b>AGENDA ITEM No: 3.1</b>
<b>29 APRIL 2020</b>	<b>PUBLIC REPORT</b>

**UPDATE ON THE COMBINED AUTHORITY RESPONSE TO COVID-19 AND FUNDING DECISIONS**

**1.0 PURPOSE**

1.1. The purpose of this report is to provide an update on the Combined Authority’s response to COVID-19 and proposes further recommendations to enhance the response work. Given that the recommendations made on 25 March 2020 were noted at that meeting, it is recommended that those recommendations be approved as part of the formal transparent decision-making process of the Combined Authority.

<b><u>DECISION REQUIRED</u></b>	
<b>Lead Member:</b>	<b>Mayor James Palmer</b>
<b>Lead Officer:</b>	<b>Kim Sawyer</b>
<b>Forward Plan Ref: KD2020/037</b>	<b>Key Decision: Yes</b>
<p>The Combined Authority Board is recommended to:</p> <ul style="list-style-type: none"> <li>(a) Approve the Combined Authority responses to COVID-19, as described in this report;</li> <li>(b) Approve the Recover Orient Adapt and Regrowth (ROAR) approach, set out in Appendix 1;</li> <li>(c) Approve the offer of interest-accruing repayment holidays to companies in receipt of a Local Growth Fund loans, covering repayments due between 24 March 2020 and 31 August 2020;</li> <li>(d) Approve the adjustment of the current Small Capital Grant Scheme eligibility criteria on Intervention rates, Jobs output-value ratio to grant-value, including safeguarded jobs in output measures for grants, subject to consultation with BEIS where appropriate;</li> <li>(e) Approve the allocation of £3million Local Growth Funding to the COVID-19 Capital Grant Scheme, from returned unallocated Local Growth Funding;</li> </ul>	<p><b>Voting arrangements</b></p> <p>Simple majority of all Members</p>

<p>(f) Approve the creation of a £500,000 capital grant scheme aimed at supporting the smallest businesses in the Cambridgeshire and Peterborough Combined Authority area and delegate to the Director of Business and Skills, in consultation with the Mayor, the Section 73 and the Monitoring Officer, the setting of detailed parameters and criteria for the scheme.</p>	
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## 2.0 BACKGROUND

2.1. At the Mayoral decision-making meeting held on 25 March 2020, the COVID-19 response recommendations were noted [report available to view at <https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/853/Committee/63/SelectedTab/Documents/Default.aspx> - Item 7.1 refers] . Officers have since implemented the response. This report provides an update on progress and includes further recommendations.

## 3.0 GOVERNANCE CHANGES

3.1 The introduction of the *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020* provides for a range of flexibilities which will enable the Combined Authority to conduct business in the context of public health measures, such as social-distancing. For example, Combined Authority Board and Committee Meetings may take place virtually, and documentation (including statutory meeting notices, reports and background papers) may be published solely in a digital format. These flexibilities are in place until May 2021.

## MAYORAL COMBINED AUTHORITY M9 DISCUSSIONS WITH THE MINISTRY OF HOUSING, COMMUNITIES AND LOCAL GOVERNMENT (MHCLG)

3.2 The Mayor has been in regular contact with MHCLG and the minister, with the other M9 Mayors. MHCLG recognises the key role of Mayoral Combined Authorities in economic recovery and recognises their role in place-based thinking.

3.3 The Minister is committed to working with Mayors on recovery planning, along with partners such as the LGA and LEAs/Business Boards and is proposing to establish a working group while work goes on to identify an appropriate approach to emerging from lockdown, and relating that emergence with economic activity.

3.4 In relation to funding, MHCLG is committed to a pragmatic and flexible approach to funding which it controls.

3.5 Recovery planning was discussed in detail, with the following key points being noted:

- Government response to recovery should be cross-departmental and regionally led by Mayoral Combined Authorities, freeing up Local Authorities to deal with practicalities of the response.
- Each Mayoral Combined Authority regional economy has particular features and needs and there will be a need for flexibility to respond to that.

- Lockdown exit should take a thematic, rather than a place-based model that may be challenging to implement in practice. Officials are anticipating a phased approach to opening businesses and continuing social distancing in public spaces and on transport.
- The importance of skills and need to preserve funding base of skills providers. For example, open air construction may be an early recovery area so skills providers will need to support that.
- The devolution White Paper remains a core 2020 piece of work and is vital to recovery.

**3.6** Mayors also raised issues relevant to the immediate response in relation to personal protective equipment (PPE), social care, testing, financial support and furlough payments.

### **COMBINED AUTHORITY RESPONSE**

**3.7** The Combined Authority aims to support recovery and formulated an approach covering an immediate, short term and medium-term response to COVID-19.

**3.8** The Combined Authority remains 'open for business'. The Combined Authority's workforce continues to work from home. The Alconbury Office is now closed.

- All staff have laptops which can remotely connect to the CPCA network.
- All staff have access to Microsoft Teams, Skype and Zoom for remote meetings.
- Guidance has been circulated by HR on managers maintaining contact with teams and on notification procedures where staff are self-isolating or are diagnosed with COVID-19.
- Remote all-staff meetings are being held by the Chief Executive and also particularly for staff with parental responsibilities to discuss the issues arising for parents working from home and how the CPCA can support them.
- The Happenings communications stream is being used to communicate with staff and to encourage morale boosting activities and to pass on wider messages relating to the COVID-19 situation.

**3.9** Future measures will depend upon the onward impact of COVID-19, In particular on CPCA staff absence. Assessment and monitoring continue and such measures may include:

- Arrangements for management and decision-making should senior leaders be absent due to COVID-19
- Identifying the CPCA delivery priorities in the event of staff resource depletion
- Re-prioritisation of work including re-deployment of staff to other duties or other teams
- Re-deployment of staff to support other local agencies if their normal duties are no longer a priority for the CPCA and there is sufficient capacity.

**3.10** Local Resilience Forum - the CPCA is participant in the Local Resilience Forum and is involved in the civil contingencies' emergency planning response and response planning for the recovery phase.

## **4.0 BUSINESS BOARD: LOAN AND GRANT PROVISION**

### **Repayment holidays to companies in receipt of a Local Growth Fund loans**

**4.1** Two projects have so far requested, and were granted, loan repayments holidays.

### **Small Grants Applications**

**4.2** 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)

**4.3** The current pipeline of applications in process already exceeds the £2.4million initially available and additional Local Growth Funding is sought into the COVID-19 Capital Grant scheme to achieve a total of £5.4million to service current demand in the system. Please see the Business Board Report at Appendix 1.

### **Additional Proposed Enhancements to Covid-19 Capital Grants Scheme**

**4.4** The current LGF funded scheme has seen a high level of applications and interest, from Sole Traders, Non-Limited companies such as partnerships, and companies with less than five employees who are not eligible for support by that scheme.

**4.5** To address this issue, it is proposed that the Combined Authority approves the allocation of £500,000 of its Gainshare Capital funding to create a fund specifically to support this sector of the economy by offering capital grants between £2,000 and £5,000 to enable these businesses to maintain their ability to adapt and survive the crisis.

**4.6** As this scheme will involve a high volume (100-250 based on the thresholds above) of small value grants, this is significantly different to the existing LGF funded scheme. As such due consideration needs to be given to how the Combined Authority will ensure that it has mitigated the risks of such a scheme, from resourcing impacts, to outcome measurement and fraud prevention.

**4.7** Establishing the right controls and potential mitigations, has not been possible in the time available to meet the deadline for bringing a comprehensive proposal to the April meeting of the Combined Authority Board.

Therefore, in order to implement this scheme with the speed required to address the immediate market need, while still fulfilling its duties as a publicly funded organisation, it is recommended that the Combined Authority Board approve the high level principle of the scheme (total value, funding source, and sector of the business community being supported) now, and delegate the final decision on the criteria and parameters to the Director of Business and Skills in consultation with the Mayor, Section 73 and Monitoring Officer.

## **Growth Hub**

**4.8** The Growth Hub service has been exponentially busy with a peak over last two weeks of 200 calls and 400 emails a day from clients who are not qualifying for Government Support Packages, signposting them to appropriate local sector Business Networks such as FSB, NFU, Make UK, etc, where they can benefit from sector specific guidance and support. At this stage, there has been triage with these clients to assess whether the client should be directed to either of following additional levels of Support including CPCA COVID-19 Capital Grant

## **Scheme & Additional 121 Support Provided Through our Contractor V4 Services.**

**4.9** Through our existing contractor V4 Services (who are an existing vetted and approved partner) there has been delivery of additional 1-2-1 support for businesses contacting the Growth Hub, CPCA Business & Skills team. This service has been provided through a network of 11 Business Advisers covering multiple business topics such as finance, liquidity, accessing Government support, legal, HR, premises, technology, supplier management etc. Funded by CPCA, we are initially delivering this service over a 3-month period at which point we may augment the service to provide more focussed business planning for the post COVID-19 recovery period.

**4.10** There have been many enquiries from businesses who have a specific technical requirement where a specialist/professional service provider is required. We have engaged and are signposting to specific expertise and 1-2- 1 Support from referred private sector specialists who are solution-focussed. Growth Hub Advisers are using a database of local, well-established contacts to refer the client to at least two potential sources of support.

**4.11** In response to concerns that normal Business Board governance processes being too slow to respond to the needs of businesses, officers have incorporated this into the continued design and requests for approval, of COVID response and recovery interventions. This has included further approvals being sought via emergency procedures, for example £3m of LGF at paragraph 4.4 above. In addition, the prompt response detailed at 4.5 in relation to £500k Gainshare funding. In the face of a fast-moving business needs environment, the officers have demonstrated they are able to work in a highly agile manner to meet the needs of business, within the normal and emergency governance processes.

## **Membership of Economic Recovery Sub-Group (ERSG)**

**4.12** Membership of the Economic Recovery Sub-Group of the Covid-19 Strategic Co-ordination Group is reserved for Officers, however as there was a clear need to involve elected members in the oversight, planning and delivery of Covid-19 response and recovery interventions the Mayor convened a political forum to fill this requirement.

## **Publicity & Communications**

**4.13** Publicity undertaken to date, to inform businesses of the support available from the Combined Authority includes:

- 14 Business Bulletins, signposting to government which has reached c40,000 business across the region

- 150 social media posts to an audience of 8,896 people, signposting business support, public health and good news stories
- Email and media campaigns regarding the Capital Grant Scheme and soon to be launched Talent Portal
- New media partnership with Archant across the Business Board region to ensure consistent public business messaging, business blogs, Q&A, sharing good news business stories and case studies

## **5.0 HOUSING & DEVELOPMENT**

**5.1** Housing and Development are considering whether we need a package of measures for borrowers in the £40m revolving fund. If so, this will be presented to the Combined Authority Board. This could comprise components like potential interest free repayment holidays whilst the construction industry is disrupted and extensions of the duration of the loans to enable the developers to cope with the additional disruption and uncertainty around the demand for the sale and occupation of completed units in order to re-pay the loans.

**5.2** To prepare for this, discussions with developers will take place regarding their position and needs. Discussion will include re-programming of cashflows to reflect how developers see the current situation evolving and impacting on their schemes. Developers are having to either delay their main construction start or suffer an enforced mid-construction delay. Developers could be faced with a market delay in selling products. Any impacts of future proposals upon the overall programme will be financially modelled. The likely outcome will be to extend the periods for the payback, so not as much new business as hoped from the £40m revolving fund until paybacks from the existing loan book becomes more certain. With a support package, we are not anticipating any write offs, loan default or developer failure that might require us to step in at this time. The intention will be to support borrowers and to encourage them to still deliver the schemes for which loans have been approved.

**5.3** The grant supported schemes continue to see new applications coming forward and other than construction programme delays, it is too early to determine whether there are other impacts that may require further support. Dialogue will continue with grant supported housing providers, advising the Housing and Communities Committee and the Combined Authority Board of any significant impacts or recommended interventions.

## **TRANSPORT**

**5.4** The lockdown has had a very significant impact on public transport operators. Patronage on buses is down some 90%. The operators have reduced services in response. About half the normal level of bus services has been running. This means that the providers have faced greater reductions in fare income than their ability to cut costs. Bus companies have significant fixed costs and do not benefit from the government's rate relief scheme. The position of smaller firms is likely to be particularly challenging.

**5.5** The Mayor raised the challenges of the local bus sector in conversations with the Secretary of State for Transport and the Buses Minister, Baroness Vere. He made specific proposals for providing targeted assistance to Ministers on 26 March 2020.

On 4 April 2020 the government announced a package of support for the bus industry. The majority of this support will be provided directly, but the Combined Authority will distribute a proportion of the funding. Officers estimate that Cambridge and Peterborough bus firms will receive some £5 million over 12 weeks as a result of this package. Within that total, some £275,000 will be distributed by the Combined Authority.

- 5.6** The Mayor also raised with Ministers the position of school transport providers. Subsequently, government guidance made it clear that contracts with school transport providers should be honoured in full for the coming term, even if schools remain shut. Cambridgeshire County Council have confirmed that this will be their approach.

### **Construction: Road Schemes**

- 5.7** Government guidance indicates that, where appropriate social distancing measures can be put in place, construction works should continue. The Combined Authority is working with its partners to ensure that highways schemes funded by the Authority and due to start construction in the coming weeks will remain on track wherever possible. The Mayor has also been in correspondence with Ministers on this issue. Officers are also working on innovative approaches to public consultation that would allow schemes still in their development and business case stages to remain on-programme.

### **Impact of COVID-19 on Travel Habits**

- 5.8** The Transport and Infrastructure Committee will discuss the impact of the lockdown on travel patterns with a view to understanding the risks and opportunities the coming recovery phase may present for the achievement of the Combined Authority's aims as set out in the Local Transport plan, including for carbon reductions and air quality, and modal shift. The risk profile of the Authority's bus reform project has also been reviewed in the light of emerging evidence from the lockdown period.

### **Impact of COVID-19 on Consultation Plans**

- 5.9** The March Area Transport Study (MATS) public consultation was scheduled to start on Saturday 28 March for a period of 6 weeks with an invitation only event for key stakeholders planned for Thursday 26 March 2020.
- 5.10** The consultation plan (which involved face to face meetings) has been affected. For example, the social-distancing measures preclude public drop-in events such as those planned for April 2020. By adopting an innovative approach to consultation, it will be possible to maintain progress.
- 5.11** Officers have investigated different online tools to 'kick start' the consultation and have adopted a tool which will enable engagement with the public and consultees, meeting virtually and bringing the community together.
- 5.12** With this new platform, a virtual event can be personalised to show consultation materials including virtual reality and sound demonstrations, videos, maps, plans and pop up banners. The tool allows for instant feedback so public reaction can be captured and saved for analysis and accurate reporting.

**5.13** An example where the tool is already in use is Oxfordshire. The County Council there have made live their consultation boards in this virtual space to counter the effects of the lockdown. Please see link - <https://hif1project.consultation.ai/>.

**5.14** The tool will be used for the MATS study, in addition to the public face to face events which it is intended to conduct in the future.

## **6.0 REGULATORY FLEXIBILITIES**

**6.1** A range of measures are in place to provide for flexibility in responding to the COVID-19 situation. These include measures around procurement, state aid, and meetings.

**6.2** On procurement, the Cabinet Office has issued Practice Note 02/20 "*Procurement Policy Note - Supplier relief due to COVID-19*". The key messages were:

- *The public sector must act quickly and take immediate steps to pay all suppliers as a matter of urgency to support their survival over the coming months. Where goods and services are either reduced or paused temporarily, authorities should continue to pay at risk suppliers to ensure cash flow and supplier survival.*
- *Contracting authorities should pay suppliers as quickly as possible to maintain cash flow and protect jobs. The public sector must pay suppliers within 30 days under the Public Contracts Regulations 2015 but contracting authorities now need to accelerate their payment practice.*

**6.3** On state aid, a range of sector specific flexibilities have been developed, which allow of a lighter-touch approach.

**6.4** The *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020* provide for key flexibilities, including:

- Local and combined authorities can determine not to hold their annual meeting.
- Local and combined authorities have the flexibility to hold meetings at any time of day and on any day, to alter how frequently meetings can be held and to move or cancel meetings without requiring further notice.
- Meetings can be held remotely. For the purposes of any statutory requirement, members of the authority will be considered as attending a meeting if they can hear, and where practicable see, and be heard and, where practicable, be seen by other members and the public. This allows for meetings to be held by remote means including via telephone conferencing, video conferencing, live webchat and live streaming.
- Local and combined authorities can make standing orders about remote attendance at meetings in relation to voting, access to documents and facilities that can be employed to allow the meeting to be held remotely to suit their own circumstances.
- The "place" at which a meeting is held is not confined to the council building. The "place" may be where the instigator or arranger of the meeting is, or electronic, digital or virtual locations such as internet locations, web addresses or conference call telephone numbers. It could be an officer's or member's home.
- Requirements for a meeting being "open to the public" are satisfied by holding the meeting remotely. This facilitates the holding of remote meetings outside of

the normal offices and/or remotely and allows for members of the public to attend remotely.

- Where documents must be “open to inspection”, this is satisfied by the documents being published on the authority’s website. Documents include notices, agendas, reports, background papers, minutes etc. The publication, posting or making available of documents at the authority’s offices includes publication on the website of the authority.
- Where the annual meeting is not held, the appointments which would normally be dealt with at the meeting will continue until the next annual meeting of the authority or when the authority determines, providing continuity of membership.

## **7.0 FINANCIAL IMPLICATIONS**

- 7.1** The allocation of £3million Local Growth Funding to the COVID-19 Capital Grant Scheme is to be made from returned unallocated Local Growth Funding and is therefore affordable.
- 7.2** The recommendation to approve the creation of a £500,000 capital grant scheme to support sole traders and small businesses can be made available from existing revenue reserves.

## **8.0 LEGAL IMPLICATIONS**

- 8.1** The Combined Authority has the power to make grants. The LGF is administered by the Business Board and the Combined Authority is the accountable body responsible for financial oversight. The National Assurance Framework and the Combined Authority 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 where appropriate.

## **9.0 APPENDICES**

- 9.1** Appendix 1: Report to the Business Board 17 April 2020 - Covid-19 Capital Grant Scheme
- 9.2** Appendix 2: Covid-19 Grant Scheme Process
- 9.3** Appendix 3: Snapshot 16 April 2020 Covid-19 Response Development

<b><u>Source Documents</u></b>	<b><u>Location</u></b>
Mayoral Decision-Making meeting reports 25 March 2020	<a href="https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/853/Committee/63/SelectedTab/Documents/Default.aspx">https://cambridgeshirepeterboroughcagov.cmis.uk.com/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/853/Committee/63/SelectedTab/Documents/Default.aspx</a>