

Classification: Public

Appendix 8 – Economic Stimulus Package

Key Decision: No

Gravesham Borough Council

Report to: Full Council

Date: 23 February 2021

Reporting officer: Director (Corporate Services)
Director (Community Services)

Subject: Appendix 8 - Economic Stimulus Package

Purpose and summary of report:

To present a package of measures to provide an economic stimulus to support business recovery in response to the impact of the Coronavirus pandemic, helping to drive investment and growth, create jobs and help people into the workplace.

Recommendations:

1. As per the Council Tax and budget setting 2021/22 report.

1. Economic Stimulus Package

- 1.1 These are unprecedented times with the Coronavirus virus having a severe and uncertain impact on the local economy for the foreseeable future. Key indicators of local impacts and the take-up of Government support measures are summarised in Sub-Appendix 2.
- 1.2 The Council has been at the forefront of paying grants to support Gravesham businesses during national and local lockdowns since March 2020, the sum of these payments now exceeds £20 million.
- 1.3 On 31 October 2020, the Government announced the introduction of additional support for Local Authorities under national and Local COVID Alert Level 3 restrictions in the form of the Additional Restrictions Grant Scheme (ARG).
- 1.4 The Council has received a total of £3,088,725 to fund support to the local business economy under ARG, which is required to be utilised by 31 March 2022. Guidance issued by Government set out that Additional Restrictions Grant has been made available to local authorities to be used in the form of discretionary grants and wider business support activities. Local authorities can determine how much funding to provide to businesses and which businesses or sectors to target and to support larger businesses which are important to the local economy, beyond other support available directly from Government or through the grant schemes administered by the council.

- 1.5 The council has been using ARG funds to operate a discretionary grants scheme since November to support businesses that have had to close since 5 November 2020 and are outside of the businesses rates system, hence not eligible for Local Restrictions Support Grant (LRSRG).
- 1.6 Discretionary grant payments totalling £700,000 have been made under this scheme up to the period ending 15 February 2021 (the point at which the review of the current lockdown will be undertaken). On the premise that the scheme will be required to continue to support businesses to the end of April 2021, it has been estimated that further grant support of £700,000 will be awarded under this scheme.
- 1.7 It is proposed that the remaining balance of funding, some £1.6 million, will be directed to fund an economic stimulus package for the borough, comprising additional cash injections to businesses which have been severely impacted by Covid-19 and other business support measures to the end of March 2022. This report sets out a series of proposals, which Full Council is asked to agree, together with the necessary authorities contained within this report and the main budget report to manage this funding throughout the year to support businesses, helping to drive investment and growth, create jobs and supporting people into the workplace.
- 1.8 The proposals identified in this report are for implementation in the short and medium term. If those in the medium term can be worked up to a level of detail where they can be implemented in 2021/22, then the necessary legal and financial authorities will be put in place to bring them forward. Alternatively, they will be considered within future budget setting proposals.
- 1.9 These proposals are set against a backdrop of the major financial commitment that the Council is already making, especially within the Town Centre, to stimulate investment, provide training and employment opportunities and create certainty for future growth.
- 1.10 The proposals and budget allocations for the short term are summarised in Sub-Appendix 3. It is proposed that these will be kept under review during 2021/22 and funding adjusted accordingly to ensure maximum benefit is derived for the borough from the ARG funding allocation received.

2. Short Term Proposals - 2021/22

2.1 *Business Grants:*

- 2.1.1 A Severity of Impact Grant to businesses severely impacted by Covid-19 and assessed as being of strategic importance to the Borough and/or able to demonstrate a significant contribution to employment, training, wellbeing or culture. A simple online application and assessment framework based on costs, employment levels and impact on turnover will be adopted. A sum of **£650,000** will be set aside to fund this grant.
- 2.1.2 Monies will be set aside to meet the cost of licences for taxi drivers, licensed premises and Members' Clubs in Gravesham to offset the cost of renewal of fees for 2021/22. This will provide immediate help to specific groups of businesses whose income has been reduced significantly over the last year. This will require a sum of **£130,000**.

- 2.1.3 Adaptation grants to help businesses respond to the impact of Covid-19, e.g. moves to online trading, responses to changed consumer patterns, digital skills training, transition to low carbon business activity, etc. Applications will be sought from businesses on the basis of set criteria and grant levels, with a requirement for an element of match funding from other sources. A sum of **£250,000** be allocated to this.
- 2.1.4 A business start-up grant scheme, possibly to match other available finance and contingent on acceptance of business planning, finance, legal and marketing advice. A sum of **£150,000** will be allocated to this scheme.
- 2.2 *Business Support Activity*
- 2.2.1 Steps are being taken to enhance the level of 1-2-1 and specialist support available to local businesses to assist recovery and innovation. The Council has contributed to the funding of the Kent & Medway Growth hub, together with Kent & Medway local authorities throughout the Pandemic. A proposal is being considered to enhance the support to businesses that is available via the Hub at a cost of **£45,000** in 2021/22.
- 2.2.2 It is proposed that an additional **£45,000** is allocated to make available 1-2-1 support to recipients of the grants outlined at 2.1 above.
- 2.2.3 **£10,000** will be made available to run procurement workshops for local businesses on how to work effectively with the Council and the wider public sector in supplying goods and services, influencing the impact of the Council's procurement activity on the local economy.
- 2.2.4 Alongside this, the Council will recommence face to face business networking through the Gravesham Business Network as this activity strengthens communication and collaboration within the local business community, creating opportunities for mutual support and business to business activity. This will be funded from existing economic development budgets.
- 2.3 *Town Centre Recovery*
- 2.3.1 Steps will be taken to put in place a Town Centre recovery plan to make the case for further interventions and potentially other funding bids. **£15,000** is required and this can be funded from the Reopening High Streets Safely Fund (RHSSF).
- 2.3.2 Retail vacancies in Gravesend Town Centre have increased during the pandemic (12.3%, December 2020) and it is anticipated that they may continue to increase as lockdown restrictions are relaxed. Where the Council acts as landlord steps can be taken to incentivise occupancy, however it is recognised that elsewhere in the Town, and working with private landlords, additional incentives may be required to ensure that vacant premises are immediately available for occupancy and on favourable terms.
- 2.3.3 It is proposed that a grant scheme is developed and trialled in 2021/22, targeted on a finite number of vacant units, especially where they have a demonstrable impact on active street frontages. It is proposed that **£100,000** is allocated to this. If successful and subject to available

finance, this approach could be expanded to include other premises/streets over time.

2.4 *Unemployment Response*

- 2.4.1 Unemployment has risen during the Pandemic and the Council has reviewed the opportunities it can give to enable young people into the workplace. It is strengthening its apprenticeship and work experience programmes, putting in place new career graded posts and making a commitment to 34 placements via the national Kickstart Scheme.
- 2.4.2 It is proposed that Council explores making available up to 25% **£18,750** of its apprenticeship levy funds to other local employers, helping to boost apprenticeship numbers within the Borough.
- 2.4.3 Alongside this, the Council is working in partnership with Department of Work and Pensions (DWP), North Kent College and other training providers to expand jobs and enhance skills of the Borough's residents.

2.5 *Community Resilience Activity*

- 2.5.1 Throughout the Pandemic the Council has been in contact with those organisations providing valued support within the local community. **£52,852** of Emergency Assistance Grants have been allocated to those organisations, which have had a significant role in Covid response activities.
- 2.5.2 Some organisations, established on a business model, are likely to be eligible for business grants and it is proposed that **£200,000** is allocated to assist those businesses if applications are forthcoming.
- 2.5.3 Additional steps will be taken to monitor the ongoing resilience of the community/voluntary sector and sports clubs/organisations locally. Officer support will be made available for a 6-month period to help community organisations to identify additional funding sources they may be entitled to access.
- 2.5.4 A Gravesham volunteer scheme, where possible linked to job readiness initiatives, will be established and networking opportunities will be held to strengthen information sharing and collaboration within the community/voluntary sector.

2.6 *Growing Sectors*

- 2.6.1 The Council recognises the important role that the creative sector can have in business and employment growth. Commitments are being made to refurbish two vacant units within St George's Shopping Centre for a new Arts & Cultural Hub, including gallery, workshop and co-working space. It is proposed that **£20,000** is allocated for grants for creative business as an incentive to use these spaces.
- 2.6.2 Opportunities for recovery in the creative sector will be stimulated by Gravesham's participation within Estuary 2021 – a major creative arts festival being held in the Thames Estuary in May/June.

- 2.6.3 Gravesham is well placed as an affordable, accessible/well connected location to attract small and medium sized businesses within the digital sector. i.e. those which in a great variety of forms rely upon the capture, transmission and display of data and information electronically. A higher level of digital infrastructure is important to their development and it is proposed that a detailed specification and costed business case is prepared in 2021/22 and that a budget of **£25,000** is established to undertake this work.
- 2.6.4 Alongside this, the Council will look to bring together those businesses within this sector currently operating in the Borough to understand their requirements more fully and to support to the case for enhanced infrastructure.
- 2.6.5 It will also explore opportunities to create a programme for upskilling digital skills for businesses, residents and its own workforce as a means to address some of the skills deficiencies in the Borough, relative to other parts of the County, and to use its own digital footprint where it can to support businesses. Work will be undertaken to establish the level of funding required to support this.
- 2.6.6 Subject to relaxation of restrictions and access to adapted work stations the Council will look to make available space within the Civic Centre foyer area/Spotlights for businesses to work.

3. Medium Term

- 3.1 The Council will also take forward actions in support of businesses where they align with the *achievement of the Council's carbon neutral target*, e.g.
 - 3.1.1 Expansion of the number of super-fast electric vehicle charging points in the Borough, especially where they enable businesses to make the transition to hybrid/electric vehicles, e.g. dedicated chargers for taxi use. This may be accompanied by grants to support this transition, subject to the timing of replacement vehicles/taxi licence review and funding.
 - 3.1.2 A social media campaign designed to engage Gravesham businesses in the benefits of a commitment to low carbon actions as a step towards identifying local business advocates, developing initiatives and creating case studies to inspire local business action.
- 3.2 The Council will progress actions to expand opportunities for local people to access *jobs, training/apprenticeships and/or work experience*:
 - 3.2.1 It can use its influence in procuring contracts and as the local planning authority to secure commitments to this within tender documentation and developer commitments.
 - 3.2.2 The Council is already working with its partners to identify the skill and workforce requirements from planned major development and infrastructure projects, e.g. such as major Town Centre development and the London Resort to enable early investment in training and apprenticeships and local supply chain development.

- 3.3 The Council will review how a *local discretionary business rates scheme* may be able to incentivise business investment. Any actions will need to be targeted and agreed with other preceptors and reviewed in the context of any changes proposed at a national level.

4. Existing Commitments

- 4.1 This economic stimulus package complements many other actions and investments that the Council is taking to create the conditions for economic growth over the longer term in the Borough:

4.1.1 Investment in the Town Centre, facilitating investment decisions by the private sector.

4.1.2 Using the Council's commercial property portfolio to support business start-ups and new occupants.

4.1.3 Actions to bring forward new employment space within major sites.

4.1.4 Promotion of the borough's advantages for business.

4.1.5 Commercialisation of Council services.

4.1.6 Maintain its record of 100% payment of unchallenged invoices within 30 days.

4.1.7 Support for transport and digital infrastructure that will enhance the Borough's connectivity for business location, investment and growth

5. Other Financing

- 5.1 A number of funding streams are likely to be forthcoming to complement the proposals set out above, these include Covid-19 Emergency Grant Funding being made available by Kent County Council, specifically in respect of business support.
- 5.2 The Government may make further funding announcements in its March 2021 budget.
- 5.3 Steps will be taken to access any additional funding sources that can support the implementation and additional actions as part of the economic stimulus package outlined in this report.

6. Business Engagement

- 6.1 Access to additional finance and advice is at the forefront of business requests for ongoing support.
- 6.2 The Kent & Medway Growth Hub (<https://www.kentandmedwaygrowthhub.org.uk/>) have undertaken regular surveys of businesses across Kent throughout the Pandemic. The most recent identifies that of those surveyed a high level of businesses have sought advice and guidance (75%) and accessed the financial initiatives available - job retention scheme (39%), small business grant funding (37%), discretionary grants schemes (34%) and bounce back loans (21%) – all subject to eligibility criteria.

- 6.3 When asked about what future support should be available, they ask for access to finance (36%), specific business advice (32%), advice on financial/business planning (26%) and help with adoption of new technology/digitisation (24%). This is set against a backdrop of business confidence split evenly between – positive/very positive 39%; negative/very negative 36% and neutral 35%.
- 6.4 The Federation of Small Business (<https://www.fsb.org.uk/>), representing businesses across the country, remain concerned that 1 in 5 businesses nationally may not have received any financial support from Government. They welcome any steps being taken to support those who have missed out.
- 6.5 The Council asked for additional information in respect of impact on turnover and experience of trading online during the Pandemic from those businesses applying for Local Restrictions Support Grant - the majority of whom will have had to close during the lockdown from November onwards. Of these, 87% of businesses indicated that they had experience in excess of 50% impact on their turnover over the year.
- 6.6 Alongside this, a mixed picture of moves to online trading has emerged. By far the majority of respondents stated that this was not possible for them due to the nature of the business, e.g. providing face to face services, such as hair and beauty, restaurants, public houses, etc. Many restaurants/food takeaways have expanded use of online ordering systems, but are concerned about the commission levels that they need to agree to. Where small businesses are trading on line, the results have been mixed, with levels of activity indicative of the depressed state of trading generally. However, these responses demonstrate that there is work that can be undertaken to help businesses review their online trading capabilities, even if that only goes as far as how to use various social media channels to promote themselves more effectively.

7. BACKGROUND PAPERS

- 7.1 Guidance to local authorities in respect of paying grants to support businesses during the national lockdown and periods of local restrictions, including Additional Restrictions Grant can be found at <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

IMPLICATIONS	SUB APPENDIX 1
Legal	No legal implications currently envisaged, but each initiative will be considered as design and implementation progresses
Finance and Value for Money	<p>The Financial implications of the proposed Economic Stimulus Package are set out in Sub Appendix 3.</p> <p>In the main, funding for the package will be provided through the Additional Restrictions Grant Funding received from Government which is required to be used by 31 March 2022. The funding is provided as a Section 31 Grant and intended to be directed by the council to support businesses in line with the ARG Guidance issued by Government. The relevant initiatives set out in the report are considered to be in accordance with the funding guidance issued by Government and are one-off expenditure, so do not create any ongoing financial commitments to the council beyond the 2021-22 financial year.</p> <p>Other initiatives funded by the Reopening High Streets Safely Fund and DWP Kickstart schemes also do not create ongoing liabilities for the council beyond 2021-22.</p> <p>The new Career-Graded posts referenced in the report have be incorporated into the budget proposals for 2021-22 and for future years.</p> <p>The Apprenticeship Levy is a charge incurred by the council and all employers with a wage bill of more than £3 million per year, equivalent to 0.5% of their payroll each month. The levy is then able to be reinvested into the workforce through accredited apprenticeship training, including professional qualification training. if not utilised within two years, the levy funding is lost.</p>
Risk Assessment	it is vital that the funding available is directed to business support activity which is going to provide the protection and stimulus required to ensure the local business economy in Gravesham can be sufficiently sustained and recover from the pandemic.
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data? A definition of each type of data can be found on the Information Commissioner’s Office website via the above links.</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk.</p>
Equality Impact Assessment	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer.

	<p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	#Place -
Climate Change	Where possible, the actions taken and developed through this economic stimulus package will align with the achievement of carbon neutral targets.
Crime and Disorder	No direct implications.
Digital and website implications	Supporting communications activity will be required, together with adjustment to online application forms via the Council's website.
Safeguarding children and vulnerable adults	No direct implications.