

**Forward Plan reference number:** FP/964/01/21

<b>Report title: Allocation of Contain Outbreak Management Fund – additional support to business</b>	
<b>Report to: Councillor David Finch, Leader of the Council</b>	
<b>Report author:</b> Mark Carroll – Executive Director for Place and Public Health	
<b>Date:</b> 5 February 2021	<b>For:</b> Decision
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<b>County Divisions affected:</b> All Essex	

## **1 Purpose of Report**

- 1.1 This report asks the Leader to agree to fund additional support to businesses as part of the recovery of the Essex economy in response to rapidly increasing rates of unemployment caused by the Covid-19 pandemic.

## **2 Recommendations**

- 2.1. Agree that funding of up to £6.2m is allocated to provide additional grant support to businesses in Essex and that an additional £1m is allocated for the same purposes if and when the funding is confirmed and is authorised by Executive Director of Finance and Technology.
- 2.2. Agree to allocate the funding in 2.1 to District and Borough Councils to distribute to Businesses in accordance with criteria set by Essex County Council (ECC).
- 2.3. Agree to vary existing Business Adaptation Grant agreements between ECC and City, Borough and District Councils to extend the grant period to July 2021 and align grant criteria
- 2.4. Agree to create a fund of £200,000 to support the development of covid secure improvements in Essex High Streets and town centres and that the funding and shall be distributed to parties following an application process and in accordance with criteria set by ECC
- 2.5. Agree to delegate to Executive Director, Place and Public Health, to:
- 2.5.1. Approve the terms of grant agreements with City, District and Borough Councils in relation to the funding at 2.1 above and enter into the grant agreements on the approved terms.
- 2.5.2. Approve applications for the funding at 2.4 above, the final terms of grant agreements and to agree enter into the grant agreements on the approved terms

### **3 Summary of issue**

- 3.1. On 20 November, ECC launched a £2.2m Business Adaptation Grant (BAG) scheme, providing support to local businesses to make their business premises COVID secure.
- 3.2. The grants are administered to individual businesses by Borough, City and District councils (administrating bodies) using grant funds from ECC.
- 3.3. A maximum value of £1,500 can be awarded for each eligible business in any round of funding. The scheme supports businesses with the cost of adjustments and improvements to premises in order to improve their business, ensure the health and safety of their employees and customers, to develop new operating practice and to diversify in order to continue trading without face to face contact.
- 3.4. To date the grant scheme has been used by business on a range of items including;
  - Sanitising stations and fogging machines
  - Screens and signage
  - Adding booths or partitioned areas
  - Providing additional outside space in hospitality venues
  - Installing chip and pin card machines and screens
  - Website creation to provide services/ordering/online sales
  - Online consultations and courses
  - Video conferencing and recording equipment to deliver workshops and training sessions digitally
  - Infrastructure to provide delivery or click and collect services
  - Technology to allow working from home opportunities
- 3.5. Through this scheme ECC is able to ensure that any business requiring support to make their operations covid secure have access to financial support.
- 3.6. It is proposed that the existing Business Adaptation Grant scheme is extended until 2 July 2021. We will highlight the particular emphasis on adaptations that will make business premises safer for employees and customers by further reducing the risk of infection, support more home working and reduce face to face customer contact (online trading, delivery etc).
- 3.7. The existing scheme requires that any unspent funds will be returned to ECC by the end of February 2021 to allow reallocation of funding before the end of the financial year. Updated guidance from Department Health and Social Care (DHSC) has removed the requirement to spend the entirety of funding this financial year and therefore a variation to current grant agreements will be required to enable administrating bodies to continue providing the grant. It is proposed that this extension will be until 2<sup>nd</sup> July 2021.

- 3.8. ECC officers will seek confirmation that district councils are also providing funding to businesses through their additional restriction grant allocations in addition to the business adaptation grant payments.
- 3.9 Pre-existing financial support schemes from central government and also ECC including the Business Adaptation Support grant are not available to certain types of businesses. This issue was raised directly by the business community in a series of ECC hosted business engagement sessions, as well as through the Essex County Council (ECC) business survey which identified cashflow as the main short term problem for businesses, with 35% suggesting they need help accessing grants and funding within the next 6 months.
- 3.10 The following types of businesses are falling outside the scope of current support;
- Newly self-employed who set up a business after 6 April 2019
  - Limited company directors who are not located in rateable premises and who cannot furlough themselves and continue to work to save their business.
  - Suppliers to industries which have had to remain closed for all or part of the pandemic e.g. hospitality and leisure
  - Businesses who do not have a rateable value (e.g. Taxi Firms or mobile hairdressers).
- 3.11 It is proposed that Essex County Council makes available funding to businesses who have been unable to access other existing financial support in relation to the impacts of Covid-19 and/or where income, including financial support, has been unable to cover business costs.
- 3.12 Given the complexity of financial support available to businesses in Essex, it is proposed that the fund is supported by a communication campaign with additional support to be provided from the *Best Growth Hub and Back to Business*, to enable businesses to access the most appropriate financial and non-financial support.
- 3.13 It is proposed that the funding is made available to City, District and Borough Councils and that they administer it to businesses for a maximum value of £5,000 for each eligible business in any round of funding. This is to enable businesses to make one application to access available funding. The funding will be made available on criteria set by ECC.
- 3.14 The scheme should be open to any business adversely affected by Covid-19 who can evidence that,
- they were trading on 1 January 2020, prior to the commencement of the pandemic.
  - the pandemic has adversely affected their business e.g. reductions to customer numbers /sales numbers and a consequential erosion to their cashflow position such that meeting day to day working capital requirements has become unaffordable and unsustainable.
  - their business is located within Essex (no requirement to be operating from a rateable premises).

- they have been excluded from accessing other Covid-19 financial support schemes or where income, including financial support, has been unable to cover fixed costs.
- 3.15 It is recommended that this fund remains in place until the fund is exhausted or until Government imposed Covid-19 restrictions that impact on certain businesses and venues are all removed.
- 3.16 A review point will be included within the scheme after four weeks to enable ECC to conduct a full review of the initial grant awards. This will allow for changes to be made to the grant criteria or application process if required to ensure maximum impact in terms of businesses supported. The full allocations will not be distributed to district councils in one payment with further payments after the review point.
- 3.17 Any funds unutilised at cessation of the scheme are to be returned to ECC within 28 days.
- 3.18 To ensure the scheme does not duplicate any subsequent Government grant programmes the scheme will be reviewed on a regular basis.
- 3.19. A communications and marketing campaign will promote existing funding and the new grant scheme to businesses in Essex. The campaign will target businesses who have so far been unable to access covid funding support. The campaign will deliver activity through paid, earned, shared and owned channels, including social media, trade/daily press, case studies, e-newsletters to residents and businesses, BID and partner endorsement and alignment. This campaign will be funded from existing Economic Growth budgets.

#### High Street COVID Improvements

- 3.20. Business Improvement Districts (BIDs) in Chelmsford, Colchester and Saffron Walden have played an important role in supporting businesses to be covid secure; putting in place town centre/high street interventions such as sanitation stations, street markings and encouraging customers to safely support the town centres.
- 3.21. It is proposed that funding should be made available to town centre and high street representative bodies (BIDs as well as other high street business groups). Whilst we will encourage local towns to design appropriate initiatives, we anticipate that the funding will be used to
- Promote safety within town centres
  - Conduct a deep clean of the high streets
  - Fund media campaigns on high street opening
  - Activities to ensure compliance with social distancing and mask wearing
  - Increase capacity within town centre management organisations
- 3.22. ECC will invite town centre and high street business groups to make an application for funding through the period when restrictions are in place and

for any reopening of local economies. Any unspent funding will need to be returned to ECC by end June 2021.

- 3.23. The applications will be reviewed, and successful applicants approved by Executive Director, Place and Public Health who will also approve the final terms of the grant funding agreements.

#### **4. Options**

##### **Option 1 – Do Nothing**

- 4.1. The consequences of not responding to the profound economic effects of COVID-19 would increase the significant adverse impacts on the residents of Essex. It is considered that the allocation of this funding will assist in reducing the transmission rate of COVID-19 infections in Essex and provide critical financial support to those businesses most in need. Thus, this option is not recommended

##### **Option 2 – Distribute the funding as set out in this report – Recommended Option**

- 4.2. The recommended option will assist in supporting businesses to continue operations during a period of national and local restrictions and safeguard jobs in the county. It is anticipated that funding for business adaptations will have a positive impact on the transmission rate of covid-19 in Essex and funding to enable the safe opening of town centres will have a significant impact on communities.

#### **5. Financial implications**

- 5.1. ECC has received Contain Outbreak Management Fund (COMF) from DHSC to support costs associated with ongoing public health and outbreak management costs of tackling COVID. Allocations are made to upper-tier authorities, who are able to devolve funds accordingly where that is determined an appropriate application in accordance with the conditions of the grant. £6.4m is available to be distributed immediately to provide business support. A further £1m will be made available subject to additional Contain Outbreak Management Fund (COMF) being agreed by central government beyond the review point of 16<sup>th</sup> February 2021. Funding will be allocated from the COMF monies received pre 2 December 2020 because the criteria for spend is aligned to the expenditure proposed in this decision.
- 5.2. Where required ECC will enter into, or revise existing agreements, which will set out the conditions with which the funding is to be spent, along with reporting expectations. Should DHSC decide suppression measures are no longer required, any unspent funding will need to be returned to ECC.
- 5.3. Each allocation will be made with a supporting Service Level Agreement or contract variation which will include the following:

5.3.1 Spending allocations will need to be spent by the end of June 2021 and within the agreed timeframes.

5.3.2 Agreed timelines for mobilisation to ensure that funding is prioritised for immediate response.

5.3.3 Agreed reporting on progress and outcomes

#### Additional Business Support Fund and Business Adaptation Grants

5.4 ECC are proposing create a fund of up to £7.2m (initially £6.2m with a further £1m to be added once confirmation of further COMF funding is received) to:

5.4.1 support businesses who have been unable to access other existing financial support in relation to the impacts of Covid-19, and;

5.4.2 provide additional funding to support business adaptations.

5.5 City, Borough and District Councils will administer these funds on behalf of ECC. Allocations to individual councils will be made once the demand for funding has been demonstrated.

#### High Street COVID Improvements

5.6. ECC are proposing to use £200,000 to support High Street COVID Improvements to encourage the safe use of Town Centres.

5.7. Town centre bodies will be invited to make an application for funding through the period when restrictions are in place and for any reopening of local economies. Any unspent funding will need to be returned to ECC by end June 2021.

### **6 Legal implications**

6.1 It is lawful to give these grants, but proper internal controls are required to make sure that the money is spent on the intended purpose.

6.2 Appropriate agreements should be in place to ensure that the funding is spent in accordance with the requirements set out in this report.

### **7 Equality and Diversity implications**

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful

- b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 As with any grants programme it would be sensible to ensure that there is some monitoring and criteria to ensure that grants are targeted at need and do not disproportionately benefit particular groups in a way which cannot be justified. It is understood that no equality impact assessment has been undertaken as a result of the need to spend this money quickly.

## 8 List of appendices

None

## 9 List of Background papers

None

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Leader of the Council, Councillor David Finch</b>	08.02.21

In consultation with:

<b>Role</b>	<b>Date</b>
<b>Cabinet Member for Economic Development</b>	
<b>Councillor Tony Ball</b>	29.01.21
<b>Executive Director for Finance and Technology (S151 Officer)</b>	05.02.21
<b>Nicole Wood</b>	
<b>Director, Legal and Assurance (Monitoring Officer)</b>	
<b>Laura Edwards on behalf of Paul Turner</b>	03.02.21

I agree that it is in the best interests of the Council for this decision to be implemented urgently and this decision is therefore exempt from call in. Paragraph 25.19(xix) of the constitution therefore applies.

**Cllr Mike Mackrory**  
**Chairman of the Corporate Policy and Scrutiny Committee**

Date: 9 February 2021