

Cabinet Meeting on Wednesday 20 January 2021

Staffordshire Means Back to Business: Investing in our Economy



Cllr Philip White, Deputy Leader of the Council and Cabinet Member for Economy and Skills said,

“It is critical that as a county council we continue to prioritise support for small businesses and people whose jobs or employment prospects have been impacted by the pandemic.

In an area like Staffordshire that has a county council plus district and borough councils with their own COVID-19 funding this support is far more effectively delivered by close collaborative working between councils and a range of other partners to make our respective funding go further. We hope that our three new programmes will enable the Additional Restrictions Grant to reach more people affected by the pandemic. We owe it to businesses and communities to direct all available funding where it is needed most, and vitally to make it accessible as soon as possible.

The new programmes are designed to complement existing support schemes and cover gaps in the assistance already available. We look forward to working with colleagues across our district and boroughs to get them off the ground imminently.”

Report Summary:

Following the report considered by Cabinet in December 2020 where a commitment was made to bring monthly reports, this is the first to meet that commitment. The monthly reports will be a combination of broad updates, assessments and importantly how the County Council can continue to develop and support new and existing programmes. This report primarily falls into the latter category.

This report seeks to deliver further investment in our economy, by the County Council and its partners, most notably through enhanced two tier working. It is a clear demonstration of our ongoing commitment to the businesses and communities of our County, at what are challenging economic times.

This report sets out how £862,000 investment by Staffordshire County Council could potentially be enhanced through other sources of funding from partners to maximise the impact on the economy across the whole of Staffordshire.

Government’s support for the economy has been unprecedented, and this is very much welcomed. As part of that support package government has made available to District and Borough Councils a source of funding known as Additional Restrictions Grant (ARG). This funding was made available to support business that are not covered by other grant schemes or where additional funding is needed.

Local councils have the freedom to determine the eligibility criteria for these grants. However, there is an expectation that the funds are nonetheless used to support those severely impacted by Covid-19 restrictions.

This report considers how the County Council investment in our economy of £862,000 could be enhanced by investment of ARG by each of our Districts and Boroughs if they so wish, building on our strong partnerships. If successful it could help to address the issues faced by businesses most impacted, to work at pace and scale, reinforcing and yet localising programmes currently run by a number of organisations.

Recommendations

I recommend that Cabinet:

- a. Agree that £862,000 of Staffordshire County Councils resources are made available to support the following activities:
 - a. Staffordshire 500, Apprentices Wage Support (£500,000)
 - b. Nil Cost Training for Employers Top Up Project (£104,000)
 - c. Small Business "To Thrive" Financial Support (£150,000)
 - d. Additional Capacity (up to £108,000)
- b. Delegated authority be given to the Deputy Leader and Cabinet Member for Economy and Skills, in consultation with the Director for Economy, Infrastructure and Skills and the Director for Corporate Services to amend the proposed allocations and capacity, in light of ongoing discussions with Staffordshire's Districts and Boroughs within the envelope of resources allocated in recommendation A.

Local Members Interest
N/A

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Recommendations of the Deputy Leader of the Council and Cabinet Member for Economy and Skills

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Report of the Director of Economy, Infrastructure and Skills

Reasons for Recommendations:

Background

1. This report sets out a programme of activity for the County Council to further invest in supporting the economy, this is on top of the already extensive support made by Staffordshire County Council, both through economic development interventions and its own spending throughout the pandemic.
2. The programme has been designed in discussion with District and Borough Councils and allows for the pooling of the ARG they recently received if they so wish. Discussions to date have been very positive with the Districts and Boroughs and there is an opportunity to pool ARG, matched with SCC investment, to enable some complementary countywide offers to be developed, yet which are also bespoke to a particular locality. This report sets out a programme of activity that is deliberately designed to allow a number of authorities to pool funding as required. The programme is a combination of opportunities to top-up existing Countywide programmes, therefore working to guarantee outputs in certain localities and, delivering new schemes that support skills development and businesses to “thrive” as we transition between lockdown and the Tier System, and face the ongoing challenges presented by Covid-19.

3. Through working together and combining an element of ARG with Staffordshire County Council and other external funding, we are presented with a unique opportunity to develop a broad-based support package that is locally delivered yet has scale and is deliverable at pace. It is not intended to duplicate local activity but to compliment. The total amount of ARG provided to the Staffordshire Districts and Boroughs by government is £17.6m. This money can be spent in 20/21 and 21/22 Financial Years. There has been a real focus on getting the money to businesses that need it the most, at pace. Whilst it seems a significant sum, the challenges that the businesses in their respective areas face cannot be underestimated and the demand on the resources will be significant:
4. The interventions announced by government will undoubtedly have a positive impact in supporting businesses and their employees through the lockdown/Tier periods, as will the locally designed solutions delivered by each of the Districts/Boroughs. However, we still believe there is a need for an at scale, yet locally led, series of interventions, that provide consistency and enables businesses to re-start rapidly once restrictions are lifted and as the area moves between Tiers and the vaccination programme gains pace. Alternatively, targeted support could be identified to give people the opportunity to develop new businesses to drive forward the recovery and to support young people where impact has been disproportionately felt.
5. These proposals would be focussed on supporting those micro-businesses, and others, that tend to “fall between the gaps” of the national interventions to survive and invest in their business to increase trade quickly once lockdowns lift. To enable them to be prepared to move between tiers and to permanently adapt to the impact of Covid-19. It also aims to support the Skills sector to ensure that post Covid-19 we work to ensure our businesses have not only the right financial support, but the equally important skills to again start and to move quickly to thrive.
6. However, it should be noted that in the interests of pace, some of the finer detail surrounding Government funding has yet to be confirmed and should any further regulations be published, our proposals would need a further check and possibly may need to be updated to ensure continued compliance.

Proposal

7. The proposal we have presented to our Districts and Boroughs is outlined below. It has been developed following detailed discussions with the Federation of Small Business (FSB), Chambers of Commerce and other partners to ensure they meet the requirements of business. We have provided this information in totality so Members can consider the recommendations within the context of the entire comprehensive support package the County is proposing to work up. Officers are only seeking a County Council contribution to three of the initiatives, plus capacity, as Officers need to balance capacity, delivery and effectiveness. The objective is that the County Council's money secured through this report is used Countywide, but with a focus on those areas able to ramp up support through the use of ARG. The three initiatives, plus associated capacity funding, seeking support through this report are:

- a. Staffordshire 500, Apprentices Wage Support (£500,000)
- b. Nil Cost Training for Employers Top Up Project (£104,000)
- c. Small Business “To Thrive” Financial Support (£150,000)
- d. Additional Capacity (up to £108,000)

8. The proposition to the Districts and Boroughs consisted of the following:

Staffordshire 500, Apprentices Wage Support

- 9. Young people have been hardest hit by the economic challenges presented by Covid-19, and the National Kickstart scheme has the potential to displace apprenticeships with the six-month wage subsidy. In the Plan for Jobs from August 2020 to January 2021, any firm that hires a new young apprentice aged 16 to 24 will receive £2,000 – on top of the existing £1,000 incentive for 16 to 18s – while those that hire new apprentices aged 25 and over will be paid £1,500 and this was extended until the end of March 2021. The spending review also announced that the national minimum wage for apprentices will increase in April 2021 from £4.15 to £4.30 per hour.
- 10. The proposal aims to support 16-24-year olds who are unemployed to get into an apprenticeship through incentivising employers to take on apprentices by providing a grant to contribute to the cost of the apprentice wages. In addition, this will also put apprenticeships on a par with Kickstart and offer progression from Kickstart. This incentive would support small employers and those that currently do not pay the apprenticeship levy.
- 11. The minimum apprenticeship wage of £4.15 per hour would cost around £8,000 per annum for a 37-hour week excluding on costs for 12 months. Therefore, depending on the funding available a range of wage incentives could be put in place to support apprentices in addition to the Government incentives available.
- 12. A grant of £5,000 in addition to the Government grant of up to £3,000 would cover the wages of apprentices for 12 months for a 16-18-year-old. However, the enhanced grant of an additional £2,000 is only available until April 2021. The target would be to support up to 500 apprenticeships over the next 12-15 months and target non levy paying employers (employers with a wage bill of less than £3million) to recruit Staffordshire residents who are unemployed 16-24-year olds, to take up those apprenticeships.
- 13. The County Council would administer the wage grant and use Apprenticeship Levy to ensure employers can access funding for the apprenticeship training. Should all the Districts and Boroughs participate this could leave in an additional £1M of government grant based on the target of 500 apprenticeships. The County’s contribution alone, £500,000, would support up to 100 apprentices and draw in £225,000 of government grant.
- 14. Investing in young people is key, not least the importance for their wellbeing to be working towards permanent employment and to limit the potential future impacts of ‘scarring’ their longer-term prospects.

Nil Cost Training for Employers Top Up Project

15. Building on an existing European Social Fund (ESF) programme delivered through the Skills Hub across Staffordshire, we would support businesses to retrain or upskill their staff or train new staff to meet changing business operations, entering new markets or sectors, which will be important for business to continue to operate. Our proposal is to offer a grant to support the cost of the training (excluding statutory training and state funded courses) that could be used as part of the Skills Hub offer to incentivise more businesses to train. We would develop a pot that provides a grant of up to £5,000 which would match the current Skills Hub ESF grant (which pays 48% of training) and therefore would make training free to employers for almost £10,000 of training. It would also give employers access to a free Organisational Needs Analysis (ONA) and an Action Plan how to meet their workforce training and skills needs.
16. In addition, the Hub has access to a quality assured database of training providers that employers would be signposted to. If all authorities were able to participate it would be possible to support up to 400 businesses over the next 15 months, although we appreciate this is not possible in all instances. Skills Hub would deliver the training grant and offer wider workforce skills support with a potential £1million training fund.
17. To support the delivery of this activity the County Council is recommended to make a contribution of £104,000 to the programme.
18. A new scheme is also proposed:

Small Business “To Thrive” Financial Support

19. This is a new proposal which will be run county wide by Staffordshire County Council and funded through the pooling of ARG. “To thrive” would entail up front 100% grants of between £2,000 and £5,000 to cover expenditure costs essential to the business’ operation. Businesses would need to state what measures they have considered or tried to take to remain open during the restriction periods other than lockdown, including transfers between different restriction tiers, and be operational i.e. diversification, on-line trading, click and collect, developments of apps etc. The grant funding will be provided to help them implement their plans.
20. The grant will be prioritised to those companies who can demonstrate the greatest value of benefits from the grant such as employment numbers, new products or services developed or increased turnover. Companies with fixed or no property assets would be eligible to apply. They would need to be registered and trading businesses before July 2019.
21. It is recommended that the County Council contributes £150,000 towards this programme, working county wide but prioritised to those areas able to support the programme through ARG provided by the Districts and Boroughs, subject to the availability of this resource and take up.

Business Start Up Top Up Programme

22. Staffordshire County Council has already funded (£615,000 over three years) a County wide Start-up programme consisting of three elements (detailed below). The intention is to provide additional provision/outputs in contributory Districts/Boroughs through contributions from ARG. In essence topping up the existing scheme to provide more opportunity to support businesses in individual localities.
23. The three strands of the Business Start-up Programme are:
 - a. **Start Up Scheme** to complement existing programmes which will help those at risk of redundancy or unemployment. In the first year of the programme the aim is to support 300 people and see 200 businesses started. It is being managed by the Staffordshire Chambers of Commerce who have a track record of providing successful start-up services and have achieved a 76% three-year survivability rate in those that began trading.
 - b. **Start Up Loans Scheme**, providing loans of between £3,000 and £5,000 to people who have successfully completed the Staffordshire Start Up course at an interest free rate with no arrangement fee to be repaid until 12 months after issue. This pilot project will allow us to determine whether there is a gap in the market for low risk loans to new start-ups with the ambition that this can be scaled up in the future if successful.
 - c. **Bespoke student start-up programme**, for young entrepreneurs called Ignite. Delivered in an engaging and interactive way through an online platform, dedicated resources and with ongoing professional support. A county-wide initiative designed to encourage young people to understand the basics of entrepreneurialism and enterprise. The programme aims to engage 4,000 students through a dedicated lesson leading to 300 engaged online with 100 taking the intensive 5-day programme with a target of 20 business starts in year one.
24. No additional resources are sought for these components from Staffordshire County Council. This funding is available County wide regardless of ARG, although a contribution of ARG will ramp up opportunities in the respective localities.

Cost and Resources

25. The County Council is already delivering the existing schemes and has the processes and skills in place to deliver the new activity. Furthermore, working through the Business Hub, Chamber of Commerce and our Skills team, all the component parts are in place. However, this infrastructure is based on a much smaller programme and the proposition contained in this report will upscale the activity significantly.
26. The focus of activity would be in the ARG participating localities. It is not intended to preclude anyone from any non-participating areas from receiving support, but the

very essence of the activity, using local as well as county wide comms, does in avertedly mean there will be a localised focus.

27. The County Council would need to ramp up the resources in the teams administering the programmes. Depending on the contributions made by individual Districts and Boroughs this will translate to additional resource requirements. The skills apprenticeship work alone represents a significant increase in activity.
28. To deliver the complete package, enhancing existing capacity, Officers would request that £108,000 be made available to reinforce the existing teams as follows:
 - a. x1 FTE Grade 5 Cost £28,000 (inc. on costs)
 - b. x1 FTE Grade 7 Cost £36,000 (inc. on costs)
 - c. x1 Training & Apprenticeships Co-ordinator Grade 9 = £44,000 (inc. on-costs)
29. The amount spent on capacity will be dependent on the scale of investment by partners. It would be our intention to draw on this as necessary during the lifetime of the activity and most likely through BEST. We would also wish flexibility to move the resources between the respective posts depending on take up.

Proposed Timescale

30. Officers are currently working up the detail surrounding the schemes and are having substantive discussions with several districts, two of whom have made a commitment to participate in totality. The expectation is that should Members be minded to make the approval, detailed work would commence immediately with an anticipated go live date of April 2021, or sooner if we are able to.

Finances

31. Funding for the £862,000 SCC resources could be obtained from two main sources.
32. Firstly, any remaining Covid-19 grant monies could be allocated to the 'Small Business "to Thrive" scheme. There is c. £75k of spare Covid grant monies remaining from the £500k originally allocated to the Emergency Business Grant Fund.
33. The remaining proportion of the funding could come from the £1m MTFS pressure, that if approved by Cabinet in February 2021, would be built into the base budget for EI&S to support the economy in the Covid recovery.

Risks Identified

34. Government announced ARG on the 31st October 2020, with guidance being published in November 2020. This support can be used across Financial Years 20/21 and 21/22. Officers made a proposal to the Districts and Boroughs (subject to approval) dated 27th November 2020. This means these proposals have been put together very quickly. Speed is important bearing in mind the challenges many of our businesses and citizens face, but with pace, comes risk, as detail is considered and addressed.

35. Officers need to work through the delivery process with the Districts and Boroughs. Each area has to work at their own pace and will bring their own localised issues which need to be addressed. They also wish to use different components of the programme, a pick and mix approach. This does not bring significant risk to the County as much of this work is already being done, albeit on a county wide basis rather than bespoke local programmes. The County will need to be flexible and address matters as and when they arise.
36. As a consequence, the delegated authority requested, as per the recommendations, is key to enable the County to “flex” to meet the bespoke needs of the Districts and Boroughs, however this can only be on the basis of the approved funding envelope.
37. As we work through the detail, there is the risk that none of our Districts or Boroughs participate. Whilst every effort will be made to create an inclusive and partnership-based initiative, should this happen it is proposed that the County continues with this bespoke investment to support our businesses, drawing in as much external funding as possible. Whilst the outputs would be reduced the benefits are still considered to be significant, as well as clearly demonstrating the importance the County Council places on our citizens, their employment opportunities and supporting our business community through the pandemic.

Conclusion

38. This is a low risk proposal by the County Council to enable it to act at scale, and yet localised to support our respective Boroughs and Districts in their prompted and targets response to the Covid 19 crisis

Legal Implications

39. An internal Officers Programme Board has been developed that consists of senior representative from all Services including Legal and Finance. The rapid nature of the programme and the need to enter into detailed discussions with the Boroughs and Districts has resulted in the comprehensive assessment of legal issues still to be considered. However, through the recommendations and this Programme Board, compliance with legal requirements will be assured.

Resource and Value for Money Implications

40. Resources are being made available as detailed above. Within the context that the County’s intervention will draw in not only ARG, but also ESF, it represents excellent value for money.

List of Background Documents/Appendices:

Economic Recovery Plan Statement Staffordshire Means Back to Business

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