



## ENVIRONMENT & ECONOMY SELECT COMMITTEE

Date: Tuesday, 10 November 2020

Time: 6.00pm

Location: Virtual (via Zoom)

Contact: Ian Gourlay (01438) 242703  
committees@stevenage.gov.uk

Members: Councillors: M Downing (Chair), A Mitchell CC (Vice-Chair),  
D Bainbridge, S Barr, S Booth, A Brown, D Cullen, J Hanafin,  
M McKay, L Rossati and S Speller.

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### AGENDA

#### **PART 1**

**1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

**2. MINUTES - 22 SEPTEMBER 2020**

To approve as a correct record the minutes of the meeting of the Environment & Economy Select Committee held on 22 September 2020.  
Pages 3 – 6

**3. SCOPING DOCUMENT - ECONOMIC IMPACT OF THE COVID-19 PANDEMIC ON STEVENAGE AND THE LOCAL ECONOMY AND THE COUNCIL'S RESPONSE**

To consider, make any necessary amendments to and agree the Committee's scoping document for the review into the Economic impact of the Covid-19 pandemic on Stevenage and the local economy and the Council's response.  
Pages 7 – 10

**4. HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP (LEP) HERTS RECOVERY PLAN**

To receive a presentation from Adam Wood, Hertfordshire LEP on the Herts LEP Recovery Plan.

**5. PRESENTATION - IMPACT OF COVID-19 ON ECONOMIC DEVELOPMENT IN STEVENAGE AND THE COUNCIL'S RESPONSE**

To receive a presentation from Mena Caldbeck, SBC Business Relationship Manager, on the impact of Covid-19 on economic development in Stevenage and the Council's response.  
Pages 11 - 34

## **6. BACKGROUND DOCUMENTS TO ASSIST THE REVIEW**

In line with the Scoping document various background reports and documents were identified as being helpful to Members undertaking the review and these are provided for information. These include:

- Extracts from the June and September Medium Term Financial Strategy providing a national perspective – Appendix 1
- HM Treasury Chancellors support for businesses 22 Oct 2020 & two Local Government Futures email updates (April and June 2020) – Appendix 2
- [July 2020 Executive Report - Council Recovery Plan](#)

Pages 35 – 54

## **7. URGENT PART 1 BUSINESS**

To consider any Part 1 business accepted by the Chair as urgent.

## **8. EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

1. That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

## **9. URGENT PART II BUSINESS**

To consider any Part II business accepted by the Chair as urgent.

**NOTE: Links to Part 1 Background Documents are shown on the last page of the individual report, where this is not the case they may be viewed by using the following link to agendas for Executive meetings and then opening the agenda for Tuesday, 10 November 2020 –**

<http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/>

## STEVENAGE BOROUGH COUNCIL

### ENVIRONMENT & ECONOMY SELECT COMMITTEE MINUTES

Date: Tuesday, 22 September 2020

Time: 6.00pm

Place: Virtual (via Zoom)

**Present:** Councillors: Michael Downing (Chair), Adam Mitchell CC (Vice-Chair), Doug Bainbridge, Sandra Barr, Stephen Booth, Adrian Brown, Jody Hanafin, Maureen McKay and Loraine Rossati

**Start / End Time:** Start Time: 6.00pm  
End Time: 7.10pm

#### 1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Councillors David Cullen and Simon Speller. Councillor Stephen Booth apologised for lateness.

There were no declarations of interest.

#### 2 **MINUTES - 10 MARCH 2020**

It was **RESOLVED** that the Minutes of the meeting of the Environment & Economy Select Committee meeting held on 10 March 2020 be approved as a correct record and signed by the Chair.

#### 3 **TERMS OF REFERENCE**

The Chair informed Members that the Committee would work with the Planning and Development Committee when considering crosscutting scrutiny studies and policy development. In response to a question, the Scrutiny Officer clarified that there was a small amount of money available for scrutiny work each year. The scrutiny budget would ordinarily be announced at the Overview and Scrutiny Committee's annual report to Council.

It was **RESOLVED** that the Terms of Reference for the Select Committee, as agreed at the Annual Council meeting on 20 May 2020 be noted.

#### 4 **WORK PROGRAMME 2020/21**

The Select Committee considered its draft Work Programme for 2020/21. The Scrutiny Officer highlighted the impact of the Covid-19 pandemic on the work programme. Members were advised that individual items could be raised at the Overview and Scrutiny Committee and directed to the Select Committee for consideration as one-off items. The Scrutiny Officer informed Members that there was scope for a combination of formal and informal meetings.

The following observations were made in respect of the Work Programme:

**Local Neighbourhood Centres** - Members had carried out site visits to selected neighbourhoods. It was agreed that further site visits would not add much value to the review but that lessons from site visits could inform the Cooperative Neighbourhoods approach. Members were advised to collate notes from meetings between Communities & Neighbourhoods Officers and Ward Members as documentary evidence for the review. It was noted that officers got a better understanding of issues in neighbourhoods through regular communication with Ward Members.

The Scrutiny Officer reported that he was in discussions with Assistant Director (Housing Development) regarding arrangements for a Committee briefing on regeneration plans for Neighbourhood Centres, update on Kenilworth Close Scheme, the Oval and future regeneration projects.

**Climate Emergency Strategy Action Plan** – Scrutiny of the Council's Climate Emergency Strategy Action Plan would be the Committee's major project for the next two years. The Chair highlighted the importance of tackling Climate Change and the urgency of reviewing the Council's Climate Emergency Strategy Action Plan. Strategic Director (TP) confirmed that the draft Climate Change Strategy was approved at the September Executive meeting, to be followed by a Citizen's Panel to review the draft strategy and action plan. The Strategic Director advised the Committee to consider focussing on one Climate Emergency theme at a time or selecting a few key areas to review. Members and Officers highlighted the importance of engaging Members of the Executive. Members stressed the importance of having up-to-date climate change data for the review. The Chair informed the Committee that he would take part in future meetings of the Implementation Group that would be created to help drive and monitor progress made against the Climate Change Action Plan.

**Impact of Covid-19** – A review of the impact of Covid-19 on economic development in Stevenage was considered to be urgent. The pandemic had a significant impact on finances of the Council, businesses and residents. Strategic Director (TP) confirmed that the Council received economic data pertaining to Covid19 from a variety of sources including the Department for Work and Pension, SBC Housing & Investment, CA Stevenage, Herts LEP and the Council-commissioned survey on the impact of Covid-19 on local businesses.

**Update on the 2016 Business Technology Centre Review** – to remain on the Work Programme.

It was **RESOLVED**:

1. That the Select Committee's Work Programme for 2020/21 be updated, as outlined above
2. That the Scrutiny Officer drafts a scoping document for scrutiny of the impact of Covid-19 on economic development in Stevenage and the Council's

response

3. That the Scrutiny Officer presents the scoping document to Members at the November Committee meeting
4. That the Scrutiny Officer updates the Committee on arrangements for the briefing with Assistant Director (Housing Development)

## 5 **NEIGHBOURHOOD CENTRES REVIEW**

The Committee received updates on the review of Neighbourhood Centres. Officers commented on the following issues that were identified at February 2020 site visits and the meeting in March:

### **Oaks Cross**

**Fly-tipping** – regular inspection regime was in place

**Planter Trees** – Ongoing discussions involving Ward Members and the SBC Arboriculture & Conservation Manager. An oak tree was scheduled to be planted this autumn in one of the empty planting areas at the front of the shops.

**Possible substance abuse** – Neighbourhoods wardens and Police to be advised to monitor the situation

**Exterior wall paint on flats/shops** – A Member confirmed that graffiti on the walls was not malicious. Course of action regarding the wall paint to be determined after ownership of the area in question had been established. Councillor Barr undertook to provide Councillor Bainbridge and other councillors with contact details of a reputable Stevenage graffiti artist. However, a simple repainting of the wall in one colour may suffice and be a lot cheaper than commissioning an artist.

### **St Nicholas**

**Security Fence** – It was acknowledged that the security fence was unsightly but it was serving its purpose. No updates relating to plans to improve the appearance of the fence were available

**Concrete Planters and notice board** – Planters and a notice board had been installed. Plans were in place to replace some of the slabs around the new planters, which had become damaged with paint spillages, and the Assistant Director, Stevenage Direct Services agreed to action this. Ward Members commended Community Development Officers, the local Neighbourhood Warden and other SBC officers who worked with resident groups to improve the area. A Member complimented the charity Waste Not Want Not for its plant nursery service. Members highlighted the challenges of carrying out volunteer work on community projects while ensuring Covid-security.

### **Oval**

**Planting area near the underpass** – Bulb planting was due to start imminently

**New signage and mural** – The Arts and Cultural Development Officer was working with local groups and young people for possible art projects near the Oval and St Nicholas neighbourhood centres. Members expressed concerns that they had not been consulted on the art project and that previously-identified mural designs were no longer under consideration.

**Dangerous damaged steps** – Members were worried that HCC appeared not to

consider the repairs a priority. Officers confirmed that consultations with HCC were in progress, and that HCC had now engaged with their contractor, Ringway, to investigate the area to see what measures could be taken to repair the broken steps

### **Bedwell**

**Deep clean and renewal of paintwork** – SDS carried out an inspection on 4 September 2020. A programme of works to remove weeds, gum and paint stains was now in place, and the matter of the peeling paint on the car park railings had been raised with HCC to investigate

It was **RESOLVED**:

1. That the updates be noted
2. That Communities & Neighbourhoods officers liaise with Ward Members regarding new signage and murals in Martins Wood and St Nicholas

### **6 URGENT PART 1 BUSINESS**

None.

### **7 EXCLUSION OF PUBLIC AND PRESS**

Not required.

### **8 URGENT PART II BUSINESS**

None.

### **CHAIR**

# **DRAFT**

## **Template Scoping Document**

<b><u>Environment &amp; Economy Select Committee</u></b>	
<b><u>Scrutiny Review Title:</u></b>	<b>Impact of Covid-19 on Economic Development in Stevenage and the Council's response</b>
<b><u>Background issues</u></b> to review – rationale for scrutinising this issue:	Members raised the issue of reviewing the impact of Covid-19 on Economic Development in Stevenage when the committee agreed items for the work programme in March 2020.
Is the matter of strategic importance to the Council?	Yes the economic development and economic viability of the town is of great strategic importance to the town and also to the Council and its own economic stability which are intertwined.
<b><u>Focus of the review:</u></b> (State what the review focus will be)	<p>The review should establish:</p> <ul style="list-style-type: none"> <li>• <u>What the current state of the economic activity is in the town?</u></li> <li>• <u>What are the rates of unemployment and redundancy figures for Stevenage and what other economic data is available?</u></li> <li>• <u>Which local businesses/sector are most effected by Covid-19?</u></li> <li>• <u>What measures are being taken by Government to support businesses?</u></li> <li>• <u>What measures are Hertfordshire Local Enterprise Partnership, the Council, Hertfordshire County Council and other local partners taking to support the local economy and to mitigate its losses?</u></li> </ul>
<b><u>Timing issues:</u></b> Are there any timing constraints to when the review can be carried out?	Officers will advise at the meeting if there are any timing issues to consider. The review will have to fit in with the timing of the other Select Committee review work programme items.
The Committee will meet on (provide <b><u>dates</u></b> if known):	<p>Dates: Day/Month/Time/Venue</p> <p>Scope and Officer Presentation – 10 November 2020</p> <p>Witness interviews and any data presented considered – 13 January 2021</p>

	Draft conclusions and any recommendations – 15 March 2021
<b><u>SBC Leads</u></b> (list the Executive Portfolio Holders and SD's Heads of Service who should appear as witnesses):	<p><i>Officers have suggested the following people:</i></p> <ul style="list-style-type: none"> <li>• <i>Leader of the Council, Cllr Sharon Taylor</i></li> <li>• <i>Executive Portfolio Holder for Economy, Enterprise &amp; Transport, Cllr Lloyd Briscoe</i></li> <li>• <i>Executive Portfolio Holder for Resources, Cllr Joan Lloyd</i></li> <li>• <i>Strategic Director, Clare Fletcher (for Impact on Revenue and Benefits)</i></li> <li>• <i>Assistant Director Planning &amp; Regulatory, Zayd Al Jawad</i></li> <li>• <i>Business Relationship Manager, Mena Caldbeck</i></li> </ul>
Any <b><u>other witnesses</u></b> (external persons/critical friend)?:	<p>To be identified by the Committee at the scoping meeting. <i>Possible options identified by officers</i></p> <ul style="list-style-type: none"> <li>• <i>Herts LEP to comment on the Herts Recovery Plan</i></li> <li>• <i>A representative of HCC Economic Development Team</i></li> <li>• <i>Stevenage/North Herts Chamber of Commerce</i></li> <li>• <i>Stevenage Citizens Advice</i></li> <li>• <i>A representative of Stevenage Business Technology Centre</i></li> <li>• <i>A representative of a locally based large employer</i></li> <li>• <i>A representative of a locally based SME</i></li> </ul>
<b><u>Allocation of lead Members</u></b> on specific individual issues/questions:          Any other Questions Members wish to cover:	<p>To be identified by the Committee at the scoping meeting.</p> <p>Members will ask questions on the following areas (list the issues to address during the interviews): <span style="background-color: yellow;">.....</span></p> <p><i>Depending on what major strands are identified in the scope these can be allocated to lead Members.</i></p>
<b><u>Site visits and evidence gathering in the Community</u></b>	Not considered necessary or likely in a Covid secure environment.



<p><b><u>Equalities and Diversity issues:</u></b> The review will consider what the relevant equalities and diversity issues are regarding the Scrutiny subject that is being scrutinised</p>	<p>To be identified by the lead Member – Cllr ?</p> <p><u>Equalities &amp; Diversity Issues</u> – Are there any E&amp;D issues to consider in this review? –</p>
<p><b><u>Constraints</u></b> (Issues that have been highlighted at the scoping stage but are too broad/detailed to be covered by the review):</p>	<p><i>To be identified by the Committee at the scoping meeting in November 2020</i> (These issues can be captured and dealt with via other means – Briefings/email/officer action etc)</p>
<p><b><u>Background Documents/data</u></b> that can be provided to the review</p>	<p><i>As identified by the Committee at the draft scoping meeting in November 2020:</i> Evidence requested:</p> <ul style="list-style-type: none"> <li>• Numbers on furlough (LEP to share figures)</li> <li>• Businesses who have received grant payment? – (included in MTFS update extracts)</li> <li>• Stevenage Citizens Advice data if available</li> <li>• SBC Housing data on rent repayment</li> <li>• Survey of local businesses</li> <li>• Extracts from June and September MTFS - including national data</li> <li>• LG Futures updates April and June</li> <li>• HM Treasury – Chancellors Business Support 22 Oct 2020</li> </ul>
<p><b><u>Agreed Milestones and review sign off</u></b> -To be agreed by Members and officers</p>	<p><i>Formal response from Executive Portfolio Holder (Executives have a Statutory requirement to respond to Scrutiny review recommendations two months after receiving a final report and recommendations of a review: <b>Date Executive Portfolio responses are expected</b> (dependent on the final report &amp; executive portfolio response template publishing date): DD MM YY</i> <b>Date for monitoring implementation of recommendations – final sign off (typically one year from completion of the review): DD MM YY</b> (Close to this date the Select Committee will receive a report at a Committee meeting to agree the final sign off of the review recommendations)</p>

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# **Impact of Covid-19 on Economic Development in Stevenage and the Council's response**

Environment and Scrutiny Meeting

10 November 2020

Mena Caldbeck

Business Relationship Manager

# Economic Data – Snapshot of UK Economy

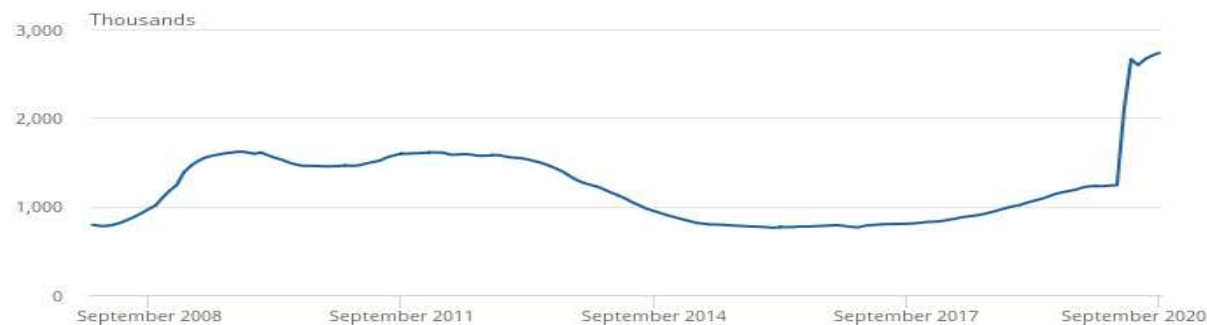
- June to Aug 2020, UK unemployment rate for all people 4.5%
- 1.52m unemployed, 209,000 more than a year earlier & 138,000 more than the previous quarter
- UK Redundancies - March to May 114,000 - June to Aug 227,000
- Sept 2020 - 673,000 fewer people in pay-rolled employment compared with Mar 2020
- 488,000 vacancies in July to Sep 2020; below (COVID-19) levels & 40.5% less than a year ago

# Economic Data – Snapshot of UK Economy

- UK Claimant Count 2.7m

Figure 7: UK Claimant Count level has increased by 120.3% since March 2020

UK Claimant Count, seasonally adjusted, between January 2008 and September 2020



Source: Department for Work and Pensions

# Economic Data – Snapshot of UK Economy

- Prior to coronavirus on avg. 2 to 2.5m temporarily away from work - April to June 2020 7.3m but fallen to 6.4m June to August 2020
- June to August 2020 8.63m (16 and 64 year olds) economically inactive
- UK gross domestic product (GDP) contracted by 19.8% in Quarter 2 (Apr to June) 2020, largest quarterly contraction in UK economy since quarterly records began in 1955.
- Compared with same quarter 1919, UK economy fell by 21.5%.
- Arts, entertainment & recreation industry and administrative and support service activities industry highest % of businesses temporarily closed or paused trading, at 30% and 21%
- 10% of workforce on partial or full furlough leave
- 29% of workforce working remotely instead of at their normal place of work
- 60% of the workforce working at their normal place of work.

# Government Support Measures

- Small Business Grant/ Retail Hospitality and Leisure Grant £11,340,000 to 882
- Discretionary Grant £500,000 to over 60 businesses
- Retail, Hospitality and Leisure Business Rates Relief £21.5M
- Job Retention Scheme (furlough Scheme) Jul 12,400 28% Aug 2020 3,800 8% (45,400) (initially 9m ¼ of UK workforce)
- Self-employment Income Support Scheme 3,600 (5000) 72% claims Sep 2020
- Bounce Back Loan Scheme
- Business Interruption Loan Scheme – Herts 2% take up
- Large Business Interruption Loan Scheme
- Time to Pay Scheme
- VAT deferral Scheme
- Deferral of Self-Assessment payment

# Government Support Measures

- **Job Support Scheme** - 1 Nov - For every hour not worked, the employee will be paid up to two-thirds of their usual salary.
- **Self Employed Income Support Scheme**
- **Local Restrictions Support Grant (Tier 2)**
- **Job Retention Bonus £1,000 top on Job Retention to support jobs**
- **A Kickstart Scheme** to support 6-month work placements for 16-24
- VAT reduction of 5% for hospitality, accommodation and attractions
- Apprenticeship payments for employers -£1.5K to £2K
- Traineeships for young people
- **JETS (Job Entry Targeted Support)**
- **Flexibility to pay back loans**
- **Government support to stop business evictions extended**

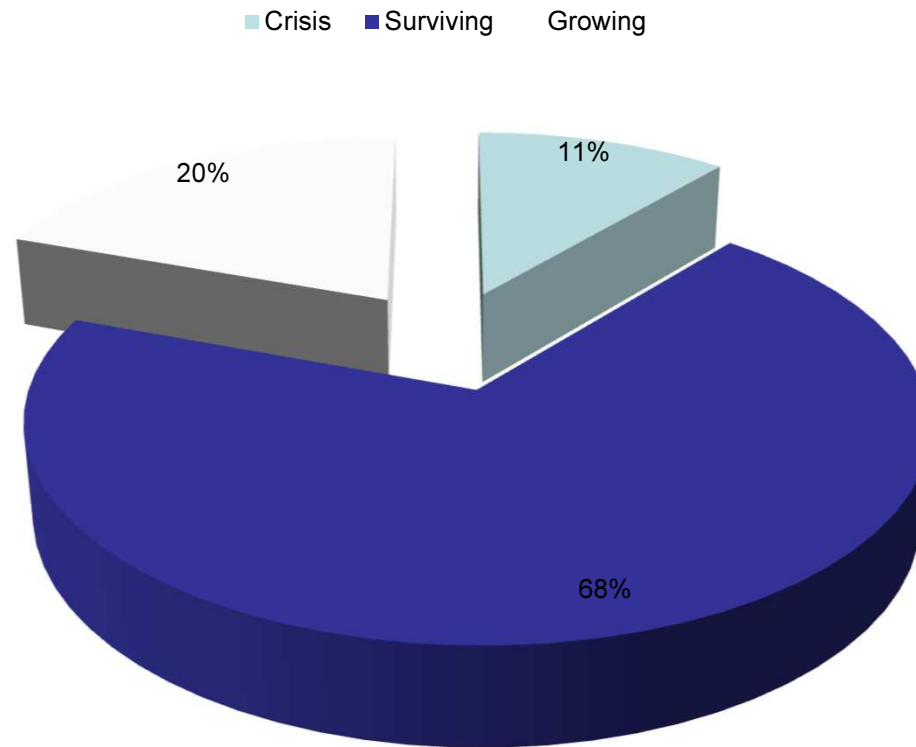


## Stevenage Borough Council Business Survey – Supporting your economic recovery from COVID-19

- 145 surveys from micro, SME's & large businesses from all sectors
- Not all businesses contacted took part in survey
- Wholesale and Retail trade (29), Manufacturing (22) and Professional, Scientific and Technical activities industries (16) sectors with greatest response
- Micro businesses largest responder to survey 65% (95) responses

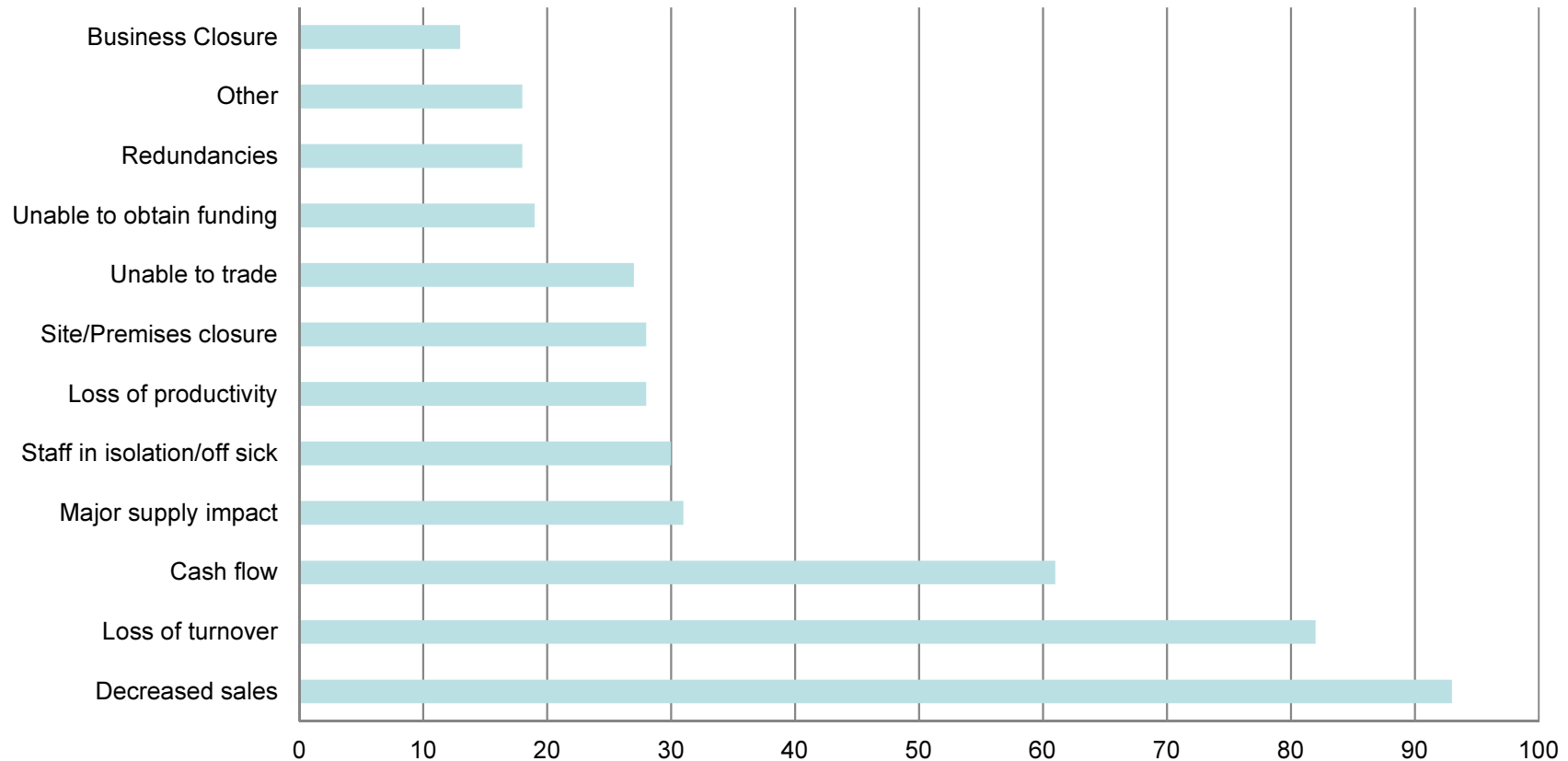
# status

## Status



# Current concerns

Current Concerns



# Staff Information- Industries who furloughed

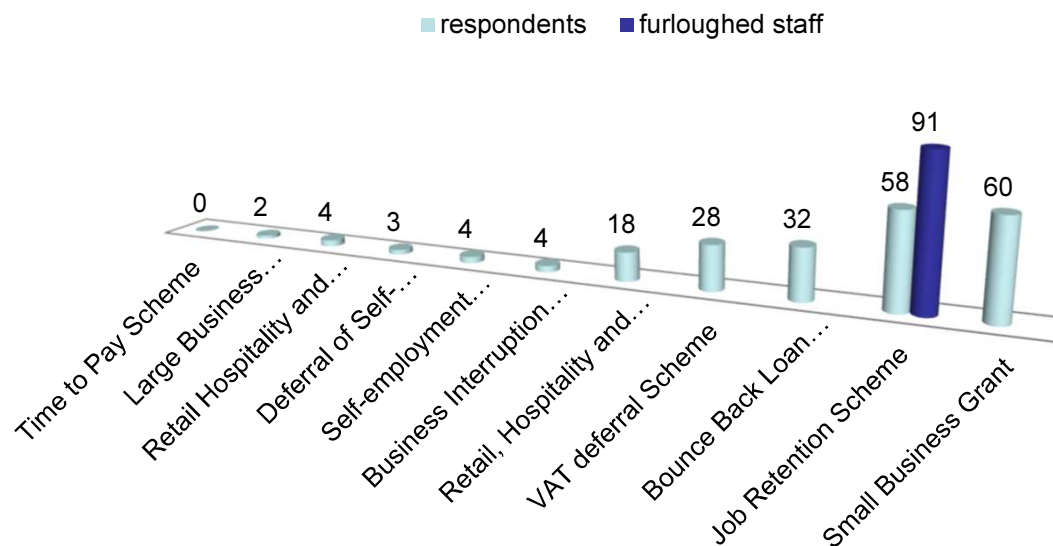
- 538 members of staff furloughed
- 63% (92) furloughed staff
- 30% (44) not furloughed staff
- Wholesale and retail trade (19), Administrative and support service activities (12) and Manufacturing (12) industries furloughed staff
- 49 did not furlough staff – Manufacturing (10), Wholesale and retail trade (9) & Professional, scientific & technical activities industries(7)
- 53 redundancies
- 16 respondents identified further redundancies
- largest number of redundancies in Accommodation and food service

# Staff Information

- **Self-employed workers**
- 134 self-employed jobs lost - Arts, entertainment and recreation industry, severely impacted by pandemic
- **Agency workers**
- loss of 85 agency worker roles from Arts, entertainment and recreation industry & Administrative and support service activities
- **Businesses returning to full staff numbers**
- From 99 respondents 62% (61) identified business would return to full staff numbers.
- 33% (33) identified that their business would not return to full staff numbers.

# Accessing Government Support Measures

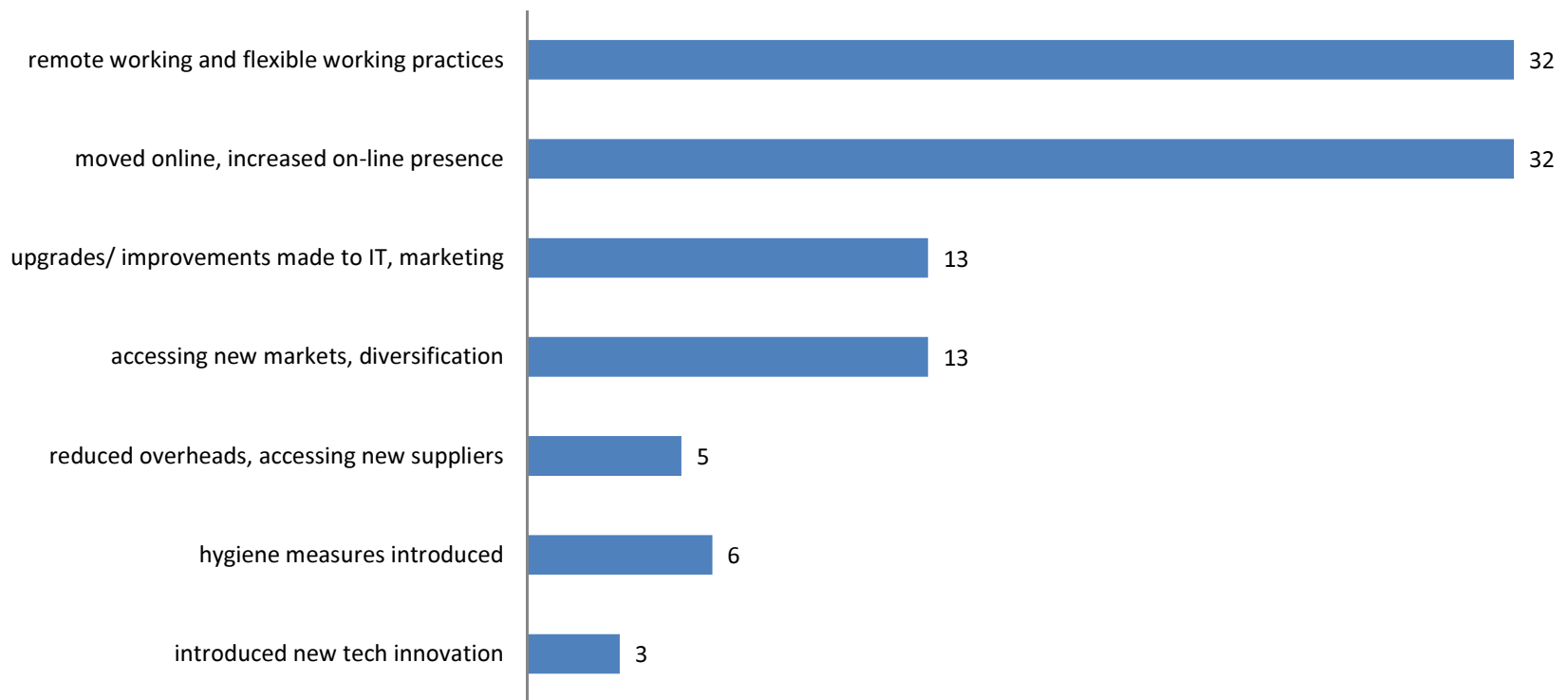
**Business Measures Accessed**



# Adapting to change – Adoptions made by businesses to meet the new demands faced by current crisis

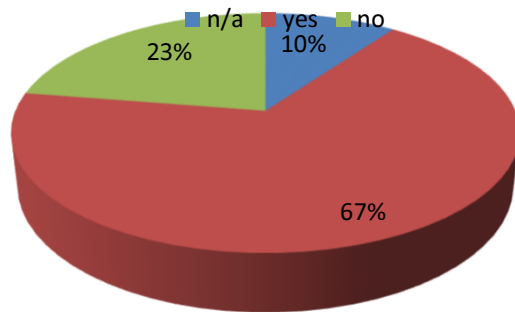
## Adoptions Made

■ number of respondents

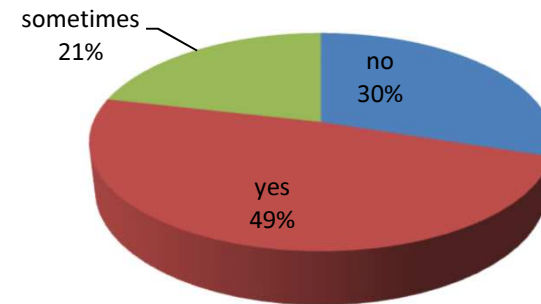


# Adaptions to stay

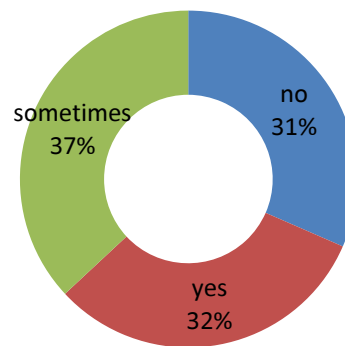
adapions to stay



Team able to work from home



Flexibility of working at home to continue after COVID-19





# Business Support and Information

Business Support and information requested	Number
Access to funding support and advice	48 % (70)
Access to new markets, including global	27% (39)
Access to skills support and training	24% (35)
Access to suppliers	17% (25)
Support with staffing issues	10% (15)
Business planning	5% (7)
Other	4% (6)

# Key priorities for Stevenage Borough Council

- **improving and maintaining the wider Infrastructure;**
  - safeguarding employment land
  - broadband
- **skills support;**
  - localised skills agenda to support employers
  - Apprenticeships
  - upskilling and retraining of those facing redundancy
  - Funding for schools with IT to support home working.
- **Procurement** - access to contract opportunities for local businesses

# Key priorities for Stevenage Borough Council

- **well-being-** supporting residents to get fit
- **Business support**
  - sector development support to support growth
  - networking opportunities
  - funding to improve premises, purchase equipment, support cash flow
- **Regeneration of the town centre**
  - proactively targeting quality retailers to attract customers in to the town
- **Old Town** – promotion and support of businesses

# challenges

- unable to directly support some areas but can influence, lobby & work with LEP/stakeholders to highlight to central government to provide solutions
- Including; funding for skills with IT equipment, safeguarding employment land & broadband
- **Areas supported**
  - Skills/Jobs a priority as part of Stevenage Economic Taskforce
  - Procurement
  - Business support
  - Regeneration of the town centre
  - Old Town

### Government Support Measures in response to COVID-19

- Small Business Grant/ Retail Hospitality and Leisure Grant £11,340,000 to 882
- Discretionary Grant £500,000 to over 60 businesses
- Retail, Hospitality and Leisure Business Rates Relief £21.5M
- Job Retention Scheme (furlough Scheme) Jul 12,400 28% Aug 2020 3,800 8% (45,400) (initially 9m ¼ of UK workforce)
- Self-employment Income Support Scheme 3,600 (5000) 72% claims Sep 2020
- Bounce Back Loan Scheme
- Business Interruption Loan Scheme – Herts 2% take up
- Large Business Interruption Loan Scheme
- Time to Pay Scheme
- VAT deferral Scheme
- Deferral of Self-Assessment payment
- Job Retention Bonus £1,000 top on Job Retention to support jobs
- **A Kickstart Scheme** to support 6-month work placements for 16-24. £2.1bn intermediaries to support businesses unable to provide 30 placements – Wenta and Herts/Beds Chamber & Growth Hub supporting
- VAT reduction of 5% for hospitality, accommodation and attractions from 15 July 2020 to 12 January 2021 -£4.1bn.
- **Eat Out to Help Out scheme** – a number of Stevenage businesses in Old/New Town supported and publicised through business update and social media
- **Public Sector Decarbonisation Scheme** - grants to public sector bodies, including schools and hospitals, to fund both energy efficiency and low carbon heat upgrades.
- **Social Housing Decarbonisation Fund** - to help social landlords improve the least energy-efficient social rented homes, £1.1bn.
- **Green Homes Grant:** £2bn Green Homes Grant, providing at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household. For those on the lowest incomes, the scheme will fully fund energy efficiency measures of up to £10,000 per household. £2bn,
- **Stamp Duty Land Tax (SDLT):** temporarily increase the Nil Rate Band of Residential SDLT, in England and Northern Ireland, from £125,000 to £500,000 from 8 July 2020 until 31 March 2021, £3.8bn
- **Apprenticeship payments for employers who hire new apprentices:** £2,000 for each new apprentice under 25, and a £1,500 payment for each new apprentice aged 25 and over, from 1st August 2020 to 31st January 2021;
- **Traineeships for young people:** £111m this year for traineeships in England for 16-24 year olds;

- **JETS (Job Entry Targeted Support)**, a new employment programme to support job seekers. £238 million investment dedicated to supporting those left jobless due to Covid-19.

Targeting those out of work for three months, DWP ramp up support for claimants to ensure those put forward for the scheme have access to tailored, flexible support to quickly get back into employment

- **Flexibility to pay back loans** - Pay as You Grow flexible repayment system introduced to provide flexibility for firms repaying the Bounce Back Loan. Extending length of loan from 6 years to 10, cut monthly repayments by nearly half. Interest-only periods of up to six months and payment holidays. Coronavirus Business Interruption Loan Scheme lenders also given ability extend length of loans from 6 years to 10 years, if it will help businesses to repay the loan
- Government support to stop business evictions extended
- Commercial tenants will be protected from the risk of eviction until the end of 2020 in order to support businesses and protect jobs.
- **New package to support and enforce self-isolation**

The Government announced a new package to support and enforce self-isolation. From 28 September, people will be required by law to self-isolate when instructed to by NHS Test and Trace. Those on lower incomes who cannot work from home and have lost income as a result will be supported by a payment of £500.

- [Customs Grant Scheme](#)

£50m is now available from HMRC to support organisations with costs associated with increasing their capacity and enhancing their ability to complete customs declarations, ahead of the new rules from January 2021.

- **Homes England and Invest & Fund finance support to small builders**

Homes England and Invest & Fund, to increase the amount of finance available to SME developers to help them grow and deliver more homes at pace. Collaboration create a £25m revolving fund to allow Invest & Fund to support small builders with construction loans of between £400k and £2.5m, funding schemes of two homes and upwards, at up to 80% Loan-To-Cost

- **Job Support Scheme** - operate from 1 November - For every hour not worked, the employee will be paid up to two-thirds of their usual salary.

The government will provide up to 61.67% of wages for hours not worked, up to £1541.75 per month. The cap is set above median earnings for employees in August at a reference salary of £3,125 per month.

- ***Self Employed Income Support Scheme***

Government will provide two taxable SEISS grants to support those experiencing reduced demand due to COVID-19 but are continuing to trade, or temporarily cannot trade. Available to anyone who previously eligible for the SEISS grant one and grant two, and meets the eligibility criteria. Grants will be paid in two lump sum instalments each covering 3 months and capped at £3,750.

- **Local Restrictions Support Grant (Tier 2)** Funding to allow local authorities to support businesses in Tier 2 areas which are not legally closed, but which are severely impacted by the restrictions on socialising. Further info to follow

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## Hertfordshire Business Support Funding

- **Low Carbon Innovation Fund 2**: Grants of up to £5,000, to support SMEs make a positive impact on greenhouse gas reduction through the development of innovative technologies, products or services
- **Hertfordshire LEP SME Growth Loan Scheme**: loans of £200k – £500k available to established SMEs in Hertfordshire requiring finance to implement expansion activities that will deliver substantial growth.
- **Crowdfund Hertfordshire: Small Business Innovation Fund**: grants of up to £5,000 for small/micro businesses in tourism, leisure, hospitality, retail, arts and culture
- **Hertfordshire Business Expansion Grant Scheme**: grants of £10k - £100k to incentivise SME investment in capital equipment to support growth and improve productivity
- **Manufacturing Growth Programme**: Revenue Grants of up to £25,000 to support SME Manufacturers improve competitiveness and productivity

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## Background Document – Appendix 1

### Extract from June MTFS

#### **4.1 Government Financial Response to the COVID 19 pandemic for Councils**

- 4.1.1 The 2020 budget announced by the Chancellor on the 11 March included the creation of a COVID-19 response fund. This was to ensure the National Health Service (NHS) and other public services had the resources they needed to tackle the impacts of COVID-19. Initially set at £5billion, it was to be used to fund pressures in the NHS, support local authorities to manage pressures on social care supporting vulnerable people and help deal with pressures on other public services. At the time of setting the budget the chancellor said the size of the fund will be reviewed as the situation developed.
- 4.1.2 These measures also included help for businesses and residents as the increased threat of COVID19 became apparent on these groups and the budget included the following:
- Hardship Fund of £500 million (nationwide), to be paid by increasing council tax support (CTS) for those already receiving the benefit and in March the Council received £779K to fund the scheme for Stevenage residents.
  - Support to businesses – including business rates relief measures which saw reliefs extended from 50% to 100% for smaller businesses and extensions to other leisure and hospitality businesses. These reliefs do not include rates paid by councils which are exempted from the reliefs.
  - To support small businesses in meeting financial difficulties arising from COVID-19, the government announced £2.2billion of funding to provide £3,000 to around 700,000 businesses currently eligible for Small Business Rate Relief (SBRR) or Rural Rate Relief, to help meet their ongoing business costs. This was to be administered by local authorities and the value per business was later increased, (see also para.4.1.4)
  - The Chancellor also announced the start of the Comprehensive Spending Review (CSR) process, to be concluded in July which would set out detailed spending plans for public services and investment, covering day-to-day budgets for three years from 2021/22 to 2023/24 and capital budgets up to 2024/25.
- 4.1.3 On the 17 March Robert Jenrick, the Housing, Communities and Local Government Secretary announced £3.2Million to support rough sleepers or those that are of risk who need to self- isolate. Authorities were able to claim costs of based on the number of rough sleepers counted during the Autumn 2019 snapshot which for SBC was £11,500. However as shown in paragraph 4.7.1, the Council's costs have exceeded this to date.

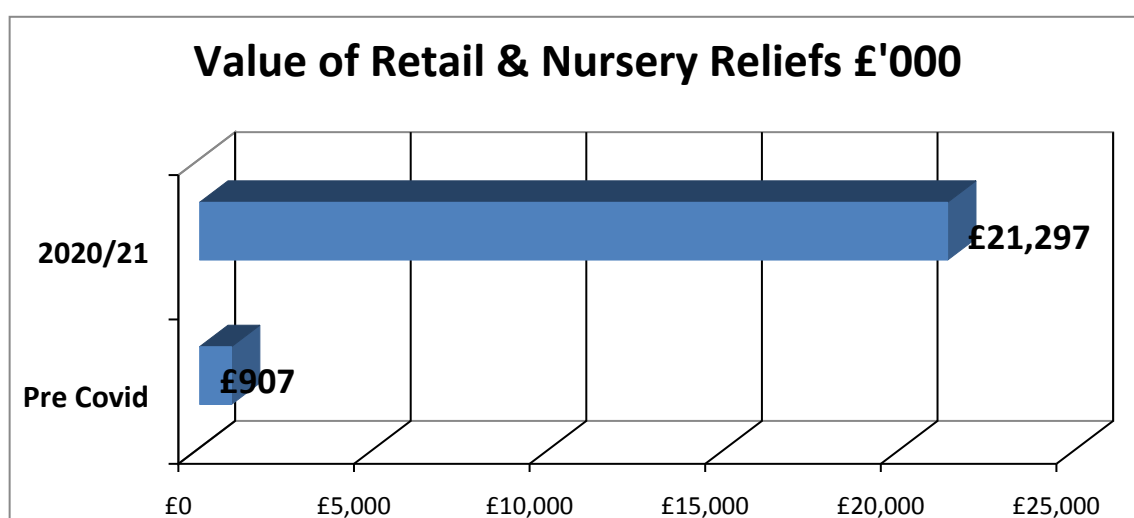
- 4.1.4 On the 17 March, the Chancellor extended the range of financial support across the economy as the national COVID 19 impact worsened. These measures included grant and funding arrangements:
- The Chancellor stated that, if insurance policies cover pandemic situations, then the government's directions to date are sufficient for insurers to pay out, In response to views that only advising businesses to close is insufficient for a successful insurance claim and;
  - 100% retail relief will be extended to all businesses in retail, hospitality and leisure, regardless of their business rateable value. These businesses to be offered a £25,000 cash grant.
  - The £3,000 cash grants announced in the Budget for businesses receiving SBRR to be increased to £10,000.
- 4.1.5 On the 23 March, the government issued a press release on extra protection for businesses, with a ban on evictions for commercial tenants who miss rent payments. The measures to facilitate this were included in the emergency Coronavirus Act 2020 and no business would be forced out of their premises, if they miss a payment in the next three months. A similar stance has been taken by the government on private and social tenants.
- 4.1.6 On 24 March, the Secretary of State held a conference call with Chief Executives across local government. Following that, MHCLG distributed a note which stated that the government would pay £3.4billion of grants to local authorities on Friday 27 March and that the grant would cover costs and improve cash flows for Councils;
- The £1.6billion of funding allocations (previously announced), as part of the COVID-19 support, to compensate local authorities for losses across all their services
  - The £1.8billion of Section 31 grants that would otherwise be paid based on January 2020 NNDR1 paid in full rather than across 12 instalments during 2020/21.
- 4.1.7 Also on the 24 March the Government announced the Hardship Fund details and allocations. The principle of the funding was that it should be used to reduce the council tax liability for individuals in an area; and Councils may also wish to use some funding to deliver increased financial assistance through other support mechanisms. The government indicated that the fund should be used to reduce the liability of those receiving working age council tax support by £150 in 2020/21. Where a local council taxpayer had an existing liability of £150 or less, this would reduce their council tax liability to nil. Where liability is already nil, there would not need to be any change.
- 4.1.8 The government also announced that Councils will be allowed to defer £2.6bn of business rates payments to central government. The announcement did not contain precise details, but the national total suggested that the first three months' payments of the business rates Central Share could be deferred. Nationally, the 9% due on each of 30 April, 19 May and 22 June in respect of the Central Share is £0.877billion, with three months' equivalent being £2.630bn.

4.1.9 The Government announced on the 2 May 2020, a further grant scheme to help those businesses which were not able to apply under the scheme set out in paragraph 4.2.2 of this report. The funding was set at 5% of the previous business grant allocation, which for Stevenage equated to £572K. The guidance was published on the 13 May and the CFO and Shared Revenue and Benefits Manager are developing the scheme based on the guidance and propose to get the grants paid as soon as is practically possible.

4.1.10 The government has also announced a number of initiatives to help businesses through the use of business loans administered by government or the banking institutions. These were set out in the May COVID 19 Executive report.

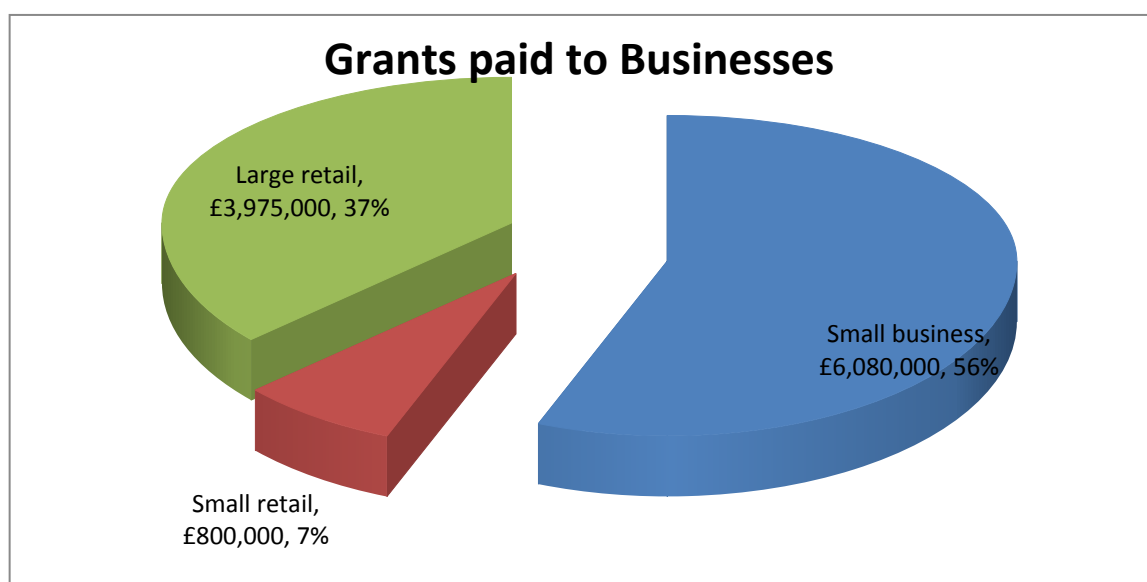
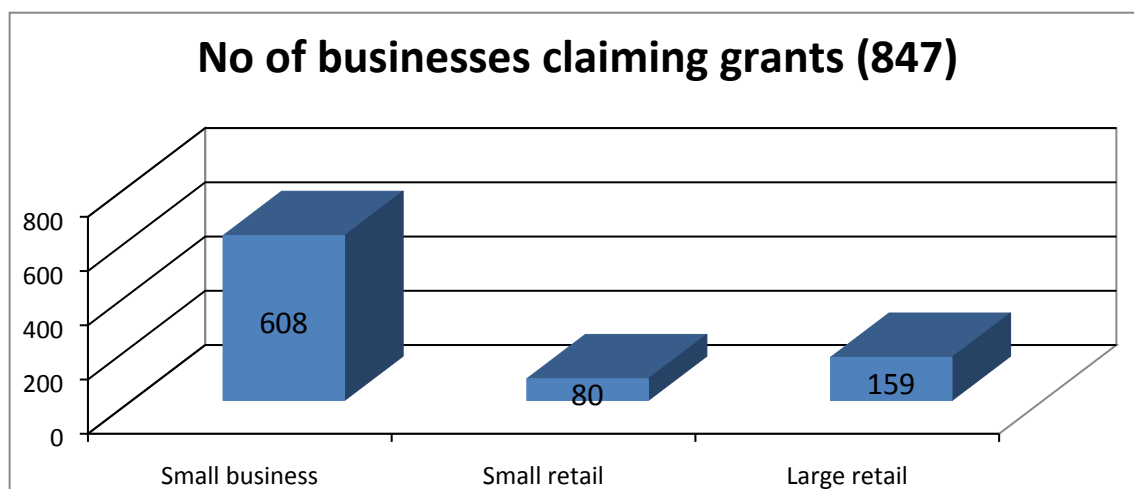
## **4.2 The Impact of funding on Stevenage Businesses, residents and Council**

4.2.1 The extension to the Business Retail Relief scheme has meant a significant increase in the number of businesses not having to pay 2020/21 business rates. The original retail relief estimated pre-COVID was £907K, based on 50% retail relief for smaller businesses. This was extended to a 100% relief in the budget speech and announcements made on the 17 March lifted the cap on the rateable value of a premise. In total this meant a further £19.6Million of reductions could be given to Stevenage Businesses as shown below and 96% of reliefs were applied prior to the commencement of the 2020/21 financial year.



4.2.2 The government initiative to support for small, retail and hospitality businesses gave grants of £10,000 (for those in receipt of small business rate relief) and grants of £10,000 or £25,000 for retail businesses depending on their size. The Council received funding of £11.456Million on the 1 April to administer to a potential 927 businesses. The caveat to the scheme was that state aid rules\* applied and businesses had to meet the regulations as set out by the Department for Business, Energy and Industrial Strategy (BEIS). These regulations were amended and clarified a number of times. As at the 15 May 2020, 847 businesses had received £10.9Million. The Council has been

continuing to seek to contact businesses who have not yet claimed to encourage them to do so. The position is summarised in the two charts below.

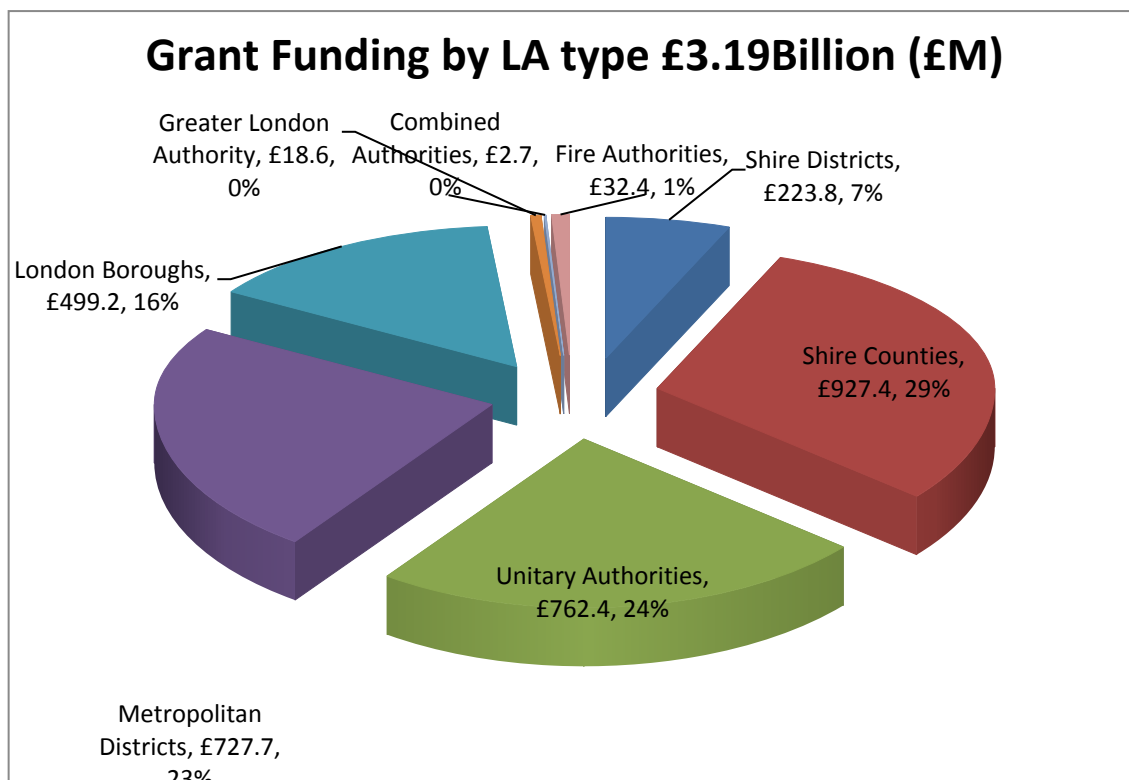


*\*state aid rules relating to European Law mean that no company can receive for the SBRR €200,000 or approx. £180,000/ or Retail & Leisure grant €800,000 or £720,000 in business grants if they have multiple units nationally.*

- 4.2.3 A letter sent to Councils on the 23 March setting out further details about these grant schemes indicated that in addition to covering the full cost of the grants, government recognised that administering local authorities would be eligible for New Burdens funding and that assessment and funding would be forthcoming at a later date. No separate funding has been received and it is not yet clear whether this was included in the two tranches of COVID funding distributed to date.
- 4.2.4 On the 24 March the government announced the Hardship Fund allocations, (£779K for Stevenage) to deliver the scheme. The SBC CTS scheme for working aged claimants is based on 91.5% of their council tax liability (so those on maximum benefit will only pay 8.5% of their council tax bill or

£155.36 on a Band D property), pension aged claimants are assessed on a 100% of their council tax liability, so on maximum benefit will pay nothing.

- 4.2.5 There are currently about 3,570 working aged claimants (WAC) would receive £425K of the fund an average of £119 per claimant, which would leave just £354K for other hardship cases.
- 4.2.5 To administer the scheme a software update is required to amend the benefit rules on the Council's system. However despite discussions taking place between the Council's software provider and MHCLG this 'fix' still is not working and is not likely to be implemented until June. However those in receipt of CTS are not being sent arrears letters.
- 4.2.6 The government's measures to defer cash flow pressure (para 4.1.6) that might arise for Councils meant for Stevenage:
- The Council received £1.150Million on 27th March for pre COVID 19 S31 reliefs for businesses, instead of this being paid in 12 month instalments in lieu of raising business rates. But, the level of S31 reliefs increased by £19.6Million so this did not offset the cash flow pressure. The additional S31 reliefs are now due to be given to Councils in instalments starting on 15th May.
  - Deferral of just over £6Million for the government's central share of Business rates for the period April to June payments. These payments are due in the 'second half of the year', however the precise timing has not yet been advised by the government.
- 4.2.7 The government has announced two tranches of funding for the Council, the first tranche totalled £45,305 with District Councils receiving only 0.61% of the overall £1.6Billion national funding or 52pence for every resident in Stevenage. Following significant lobbying of central government, a second tranche was announced on the 28 April 2020.
- 4.2.8 The second funding allocation for Stevenage was £871,563 out of £1.59Billion nationally, with District Councils receiving a much larger share of the funding than previously, with the County Council share reducing. The share of funding for Districts increased from 0.61% to 13.43% between the first and second tranches of funding. However as discussed in section 4.3 to the report, this funding does not cover the losses recorded to date by the Council or any lag as a result of a potential prolonged recovery phase for the economy.



4.2.9 The announcement on the 28 April also confirmed that the Review of Relative Needs and Resources and 75% business rates retention will no longer be implemented in 2021/22. This was to enable Councils to focus on meeting the immediate public health challenge posed by the pandemic.

4.2.10 Auditing regulations for the Council's accounts have also been changed. The following amendments to the statutory audit deadlines for 2019/20 for all local public bodies apart from health service bodies have been made:

- The publication date for final, audited, accounts will move from 31 July for Category 1 authorities and 30 September for Category 2 authorities to 30 November 2020 for all local authority bodies.
- To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June (for Category 1 authorities) and July (for Category 2 authorities) has been removed. Instead local authorities must commence the public inspection period on, or before, the first working day of September 2020.

4.2.11 A summary of COVID 19 funding is summarised in the table below, this is as at 15 May 2020.



<b>Funding</b>	<b>Council £'000</b>	<b>Businesses £'000</b>	<b>Council Tax Payers £'000</b>	<b>Total £'000</b>
Rough sleepers	£11.5			£11.5
Covid 19 tranche 1	£45.3			£45.3
Covid 19 tranche 2	£871.6			£871.6
Retail & Nursery Reliefs		£21,297.0		£21,297.0
Grants to Businesses		£11,456.0		£11,456.0
Hardship Fund			£779.0	£779.0
<b>Total</b>	<b>£928.4</b>	<b>£32,753.0</b>	<b>£779.0</b>	<b>£34,460.4</b>

### **4.3 Impact on General Fund Financial Resources**

- 4.3.1 At the outset of the pandemic it was apparent to Stevenage and many other Councils that there was likely to be an immediate adverse impact on the Council's financial position, in particular relating to, reduced income from fees and charges and increased homeless costs. The losses have been modelled but it is not possible for officers to categorically determine the potential depth and lasting impact, at this stage in the year.
- 4.3.2 Economists have commentated that the impact of the COVID 19 pandemic will probably go beyond 2020/21. The Bank of England reported this could lead to the 'sharpest recession' on record, reporting that the coronavirus impact would see the economy shrink 14% this year, based on the lockdown being relaxed in June. Scenarios drawn up by the Bank of England to illustrate the economic impact, stated that Covid-19 was, "dramatically reducing jobs and incomes in the UK". Bank governor, Andrew Bailey, described the downturn as "unprecedented", and said consumers would remain cautious even when lockdown restrictions are lifted.

## Extract from September MTFS

### 3 BACKGROUND

- 3.1 This is the second update of the MTFS this financial year, the first being the **Coronavirus Recovery Plan** to the June 2020 Executive. The June report outlined a number of actions that needed to be taken to ensure the resilience of General Fund balances. This included the use of ring fenced receipts, rather than revenue resources and the holding of some expenditure. The June report also only dealt with the in- year impact of COVID and did not project any future year losses.
- 3.2 A summary of the measures approved by Members in the June Executive report which were recommended to improve the resilience of the General Fund are summarised in the Table below.

Options £'000	2019/20 £	2020/21 £	2021/22 £	Total £
<b>COVID impact on General Fund:</b>				
Losses	£184	£3,999	£0	<b>£4,183</b>
Council Tax	£0	£0	£207	<b>£207</b>
Business Rates	£0	£0	£455	<b>£455</b>
Total	<b>£184</b>	<b>£3,999</b>	<b>£662</b>	<b>£4,845</b>
<b>Funding Options:</b>				
Government grant	£0	£928	£0	<b>£928</b>
Use of Regeneration receipt	£1,218	£508	£0	<b>£1,726</b>
Hold Capital Expenditure	£0	£125	£0	<b>£125</b>
Hold vacant posts	£0	£152	£0	<b>£152</b>
Hold spend budgets	£0	£464	£95	<b>£559</b>
Remove approved growth budgets (part)	£0	£50	£0	<b>£50</b>
Use allocated reserve (NDR 2020/21 gains)	£0	£455	£0	<b>£455</b>
Underspend 2019/20	£812	£0	£0	<b>£812</b>
Unidentified- under review	£0	£37	£0	<b>£37</b>
<b>Total</b>	<b>£2,030</b>	<b>£2,720</b>	<b>£95</b>	<b>£4,845</b>

- 3.3 At the time the June report was written only two funding tranches had been announced by the government, this report will update Members on the further funding received and also a review of the measures taken and whether they should remain in force. This report will also look at any potential future year losses as a result of COVID.

- 3.4 This report will update the inflation, pressures and income assumptions in the 2019 MTFS update, reported to the Executive on 11 September 2019.
- 3.5 This report will make assumptions about future Local Government spending reviews. Just as in the 2019 MTFS update, there remains considerable financial uncertainty for Local Government. The Fair Funding review implications (due to be implemented for 2020/21 but subsequently delayed) remain unclear, alongside any changes to business rates such as growth resets, level of council tax rises and lastly the future of New Homes Bonus.
- 3.6 The Chancellor announced that as a result of the impact of COVID on local government, (28 April 2020) that the Review of Relative Needs and Resources and 75% business rates retention will no longer be implemented in 2021/22. This was to enable Councils to focus on meeting the immediate public health challenge posed by the pandemic. However the announcement also explained *that the government will continue to work with councils on the best approach to the next financial year*, including how to treat accumulated business rates growth and the approach to the 2021/22 local government finance settlement. There has been no clarity about what this means.
- 3.7 In addition this financial uncertainty, there are other potential risks for Councils in relation to BREXIT, future continued funding of new burdens e.g. from the Homeless Reduction Act and the impact of Universal Credit (with the potential of many more UC claimants with any COVID driven recession), on the ability to recover historic benefit overpayments and the impact of the removal from the General Fund.
- 3.8 Based on the factors above the report will identify any adjustments required to the Financial Security targets to address those financial impacts on the General Fund.

**Extract from September MTFS**

**4.2 The Economy and Government proposals for Funding Local Government**

- 4.2.1 In the last 2019 MTFS Strategy there was considerable uncertainty around BREXIT and the Bank of England commentary in their January 2020 update, prior to the COVID pandemic, was that UK GDP growth was modest in 2019 and is estimated to have been around zero in Q4. This was due to slower global growth and elevated Brexit-related uncertainties. In the Bank of England annual reassessment of supply-side conditions, the MPC judged that potential supply growth has also slowed over the past year.
- 4.2.2 However the impact of COVID on the economy has been cited as being felt beyond 2020/21 and the Bank of England reported this could lead to the 'sharpest recession' on record, reporting that the coronavirus impact would see the economy shrink 14% this year, based on the lockdown being relaxed in June. Scenarios drawn up by the Bank of England to illustrate the economic impact stated that Covid-19 was, "dramatically reducing jobs and incomes in

the UK". Bank governor, Andrew Bailey, described the downturn as "unprecedented", and said consumers would remain cautious even when lockdown restrictions are lifted.

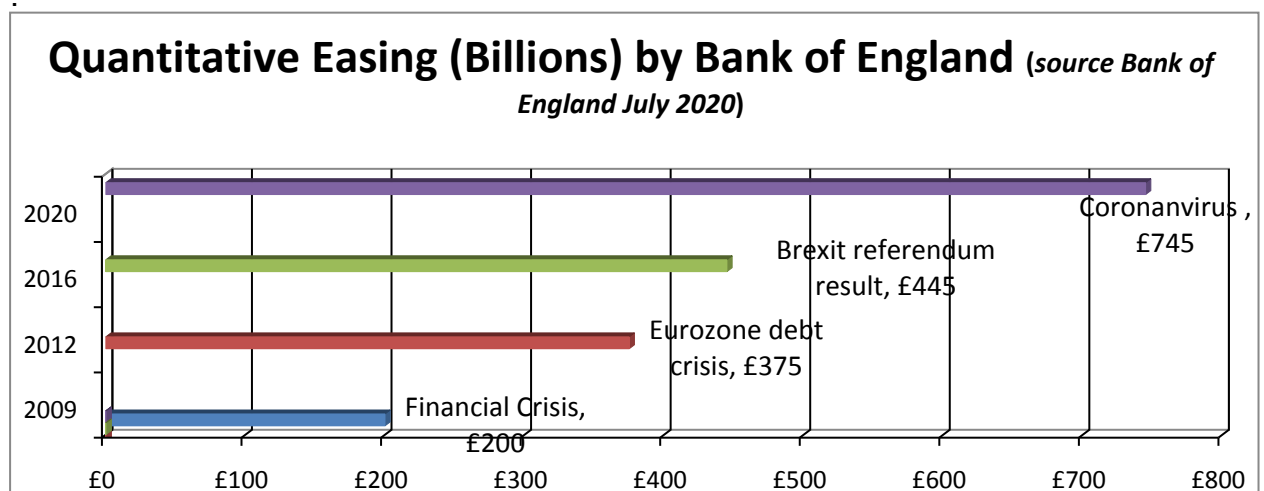
4.2.3 In June, The Bank of England MPC voted 8-1 to increase the size of its bond-buying programme approving the pumping of an extra £100Billion into the UK economy to help fight the "unprecedented" coronavirus-induced downturn. However, they said there was growing evidence that the hit to the economy would be "less severe" than initially feared. The Bank's Monetary Policy Committee (MPC) also kept interest rates at a record low of 0.1%.

4.2.4 The bank approved this just days after Bank's Governor, Andrew Bailey said policymakers were ready to take action after the economy suffered its biggest monthly contraction on record. The Bank also said more recent indicators suggested the economy was starting to bounce back.

*Minutes from the MPC's June meeting said: "Payments data are consistent with a recovery in consumer spending in May and June, and housing activity has started to pick up recently." However, Mr Bailey warned that the outlook for the economy remained uncertain. He said: "We don't want to get too carried away by this. Let's be clear, we're still living in very unusual times." The minutes added: "While recent demand and output data had not been quite as negative as expected, other indicators suggested greater risks around the potential for longer-lasting damage to the economy from the pandemic*

4.2.5 The UK economy shrank by 20.4% in April, while official jobs data showed the number of workers on UK payrolls fell by more than 600,000 between March and May. Scenarios drawn up by the Bank suggested the economy could shrink by 25% in the three months to June and in fact the impact was measured at 24.5%.

4.2.6 The Bank of England has implemented extra monetary stimulus or quantitative easing (QE) – this will raise the total size of the Bank's asset purchase programme to £745bn to support financial markets and underpin the recovery. This outweighs previous QE initiatives as shown below.



4.2.7 This repayment of QE and the impact of Coronavirus on the economy, on jobs and the council are likely to be beyond 2020/21 and will impact on the

government ability to fund public spending including financial settlements for Councils.

4.2.8 The MTFS report to the June Executive outlined some of the government support for businesses, of which the Stevenage Borough Council (SBC) administered to businesses, grants of £11.5Million and £21.5Million reductions in business rates payable in the current financial year.

4.2.9. The Government also committed to helping councils face the continuing pressures of the pandemic, providing £3.8Billion of grant funding, including a £600Million Infection Control Fund, and over £5Billion of cash flow support. Then on 2 July, the Secretary of State announced a new set of support measures, including:

- An 'income guarantee scheme; in recognition of the impact on income from sales, fees and charges. Councils will absorb the first 5% of all relevant irrecoverable losses compared to budget, with the Government compensating councils for 75 pence in every pound of loss thereafter. By introducing a 5% deductible, the Government is accounting for an acceptable level of volatility, whilst shielding councils from significant losses
- Changes enabling local authorities to spread their council tax and business rate deficits for 2020/21 over three years rather than the usual one;

4.2.10 However, there are a number of exemptions cited to this support it does not cover HRA losses, leisure provider income losses or rental income and the LGA has published that the funding required is in the region of **£9.6Billion for councils** for 2020/21.

4.2.11 Moving to funding the public sector, the government has set out the position for the next spending review. The review will set UK Government departments' resource budgets for the years 2021/22 to 2023/24 and capital budgets for the years 2021/22 until 2024/25, and devolved administrations' block grants for the same period government has borrowed.

4.2.12 The Chancellor outlined that the Comprehensive Spending Review is the:

*'opportunity to deliver on the third phase of our recovery plan, where we will honour the commitments made in the March Budget to rebuild, level up and invest in people and places spreading opportunities more evenly across the nation'.*

4.2.13 The Government has confirmed that the next business rates revaluation will take place in 2023, and called for evidence for a wider review of the rating system. This comes after it was announced in May that the business rates revaluation in 2021 would be postponed, but an exact time for when it would be rescheduled was not revealed until July 2020. The two-year delay means the next revaluation will take effect in April 2023, and to reflect the impact of Covid-19, this revaluation will be based on property values as of 1 April 2021.

4.2.14 The Chancellor also stated that in the interest of fairness , restraint in future public sector pay awards, meaning across this year and the spending review period, public sector pay levels retain parity with the private sector.

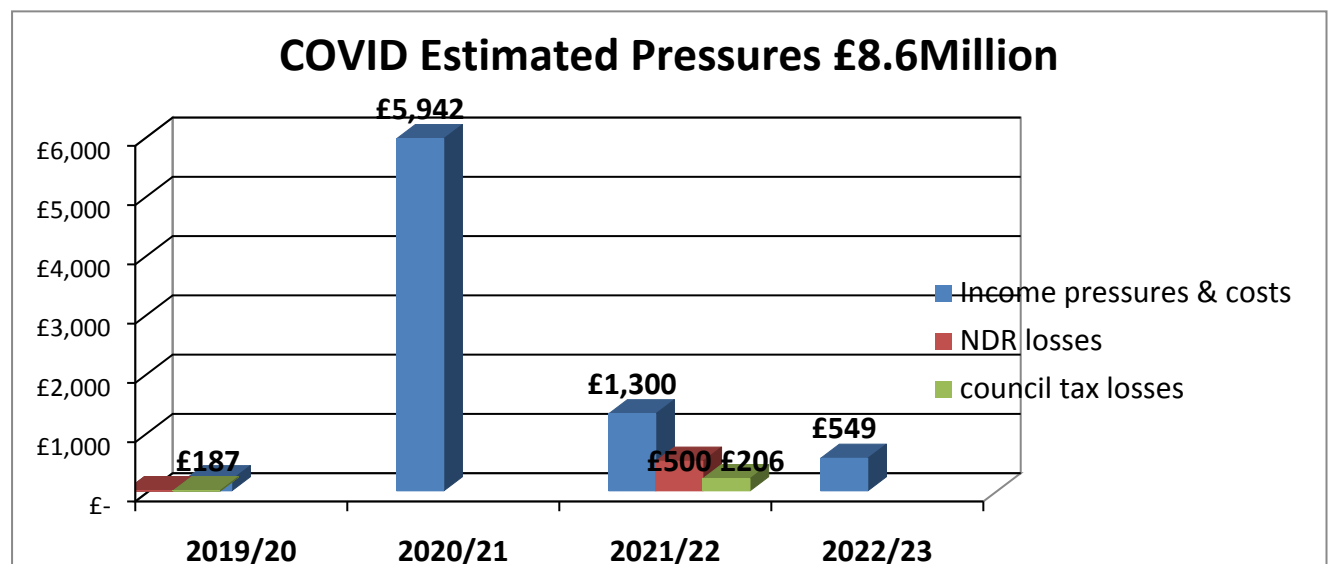
4.2.15 Given the impact COVID-19 has had on the economy, the Chancellor was clear in his July statement that there will need to be **tough choices in other areas of spending at the review**. As part of their preparations for the CSR departments have been asked to identify opportunities to re-prioritise and deliver savings and departments will be required to fulfil a series of conditions in their returns, including providing evidence they are delivering the government's priorities and focussing on delivery. It remains to be seen whether this includes savings from delivery 'devolution' in upper and lower tier local government areas.

4.2.16 In addition to economic uncertainty due to COVID-19, any recession and longer lasting impacts, the economy also may impacted by BREXIT when the UK leaves on the 31 December. Uncertainty in the market may only build in cost for goods, materials and contracts and added complexity for the businesses, depending on the deal or no deal that is agreed.

#### Extract from September MTFS

### 4.5 COVID Budget Pressures

4.5.1 The MTFS contains an update on the projected COVID losses and potential funding. The projected costs are estimated to be £7.7Million for the General Fund and are summarised below.

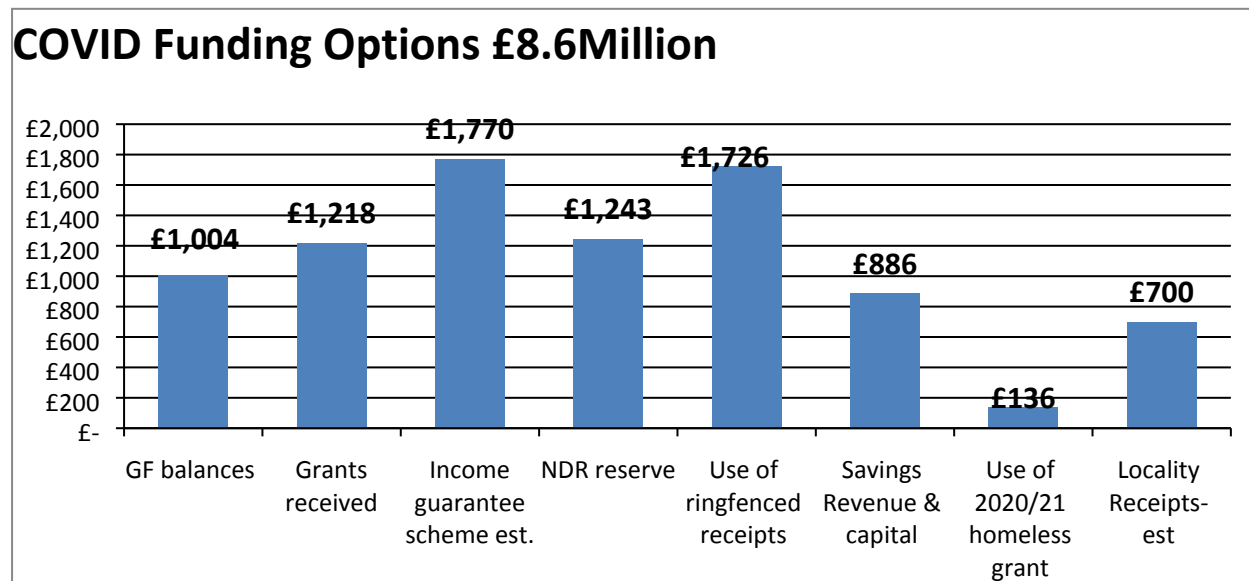


4.5.2 The 2020/21 losses of £5.9Million include assumptions including costs to support the Council's leisure provider and losses in parking and rent income. The MTFS models **losses of £1.5Million in future years as income losses are sustained beyond 2020/21**, however this is currently difficult to predict

and is an acknowledgement of the likely depth of the impact of COVID-19 on the economy.

4.5.3 The 2021/22 costs also assume there will repayments to the Collection Fund for 2020/21 of £500K of NDR losses compared to budget and a further £206K in council tax deficits as a result of higher Council Tax support (CTS caseload in 2020/21 and higher arrears).

4.5.4 The total assumed funding for COVID-19 in the MTFS is summarised in the chart below and this is the basis for the General Fund balances currently included at Appendix A.



4.5.5. This does assume that the Council will receive £1.77Million for the income guarantee scheme. The exact calculation needs to be completed as the government assumes cost reductions will offset losses. The calculation is based on:

- 5% deduction for budget variation
- No income for rental streams
- 75pence in the £ to be paid
- Some deduction for local decisions taken

However this level of funding is not a guarantee and the MTFS may be revised, with the savings target adjusted to reflect a lower level of grant received. The income guarantee form was received 4 September and the final calculation could be £200K lower than currently modelled. Members will be updated when the first submission is made at the end of September.

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Background information – HM Treasury Business Support 22 Oct 2020 & LG Futures updates from June and April 2020

HM Treasury

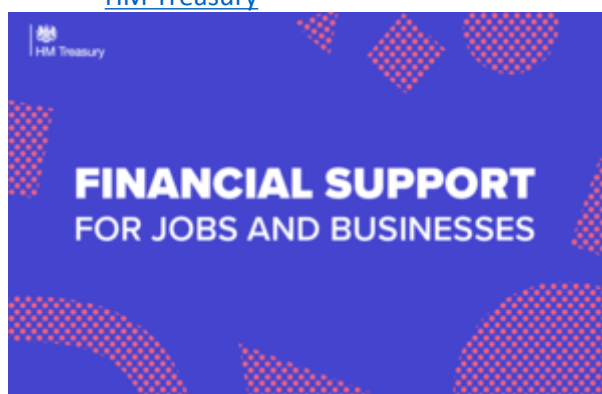
## **Plan for Jobs: Chancellor increases financial support for businesses and workers**

The government today announced it will significantly increase the generosity and reach of its winter support schemes to ensure livelihoods and jobs across the UK continue to be protected in the difficult months to come, supporting jobs and helping to contain the virus.

Published 22 October 2020

From:

[HM Treasury](#)



- open businesses which are experiencing considerable difficulty will be given extra help to keep staff on as government significantly increases contribution to wage costs under the Job Support Scheme, and business contributions drop to 5%
- business grants are expanded to cover businesses in particularly affected sectors in high-alert level areas, helping them stay afloat and protecting jobs
- grants for the self-employed doubled to 40% of previous earnings

In recognition of the challenging times ahead, the Chancellor said he would be increasing support through the existing Job Support and self-employed schemes, and expanding business grants to support companies in high-alert level areas.

This builds on agreements reached with Local Authorities moving to Alert Level very high, with extra support for businesses, jobs and the economic recovery.

Chancellor of the Exchequer Rishi Sunak said:

I've always said that we must be ready to adapt our financial support as the situation evolves, and that is what we are doing today. These changes mean that our support will reach many more people and protect many more jobs.

I know that the introduction of further restrictions has left many people worried for themselves, their families and communities. I hope the government's stepped-up support can be part of the country pulling together in the coming months.

### **Job Support Scheme (JSS)**

Recognising the pressure businesses in some sectors and areas are facing, today's announcement lightens the burden of keeping on staff.

When originally announced, the JSS – which will come into effect on 1 November – saw employers paying a third of their employees' wages for hours not worked, and required employers to be working 33% of their normal hours.

Today's announcement reduces the employer contribution to those unworked hours to just 5%, and reduces the minimum hours requirements to 20%, so those working just one day a week will be eligible. That means that if someone was being paid £587 for their unworked hours, the government would be contributing £543 and their employer only £44.

Employers will continue to receive the £1,000 Job Retention Bonus. The Job Support Scheme Closed for businesses legally required to close remains unchanged.

### **Self-employed grant**

Today's announcement increases the amount of profits covered by the two forthcoming self-employed grants from 20 per cent to 40 per cent, meaning the maximum grant will increase from £1,875 to £3,750.

This is a potential further £3.1 billion of support to the self-employed through November to January alone, with a further grant to follow covering February to April.

### **Business Grants**

The Chancellor has also announced approved additional funding to support cash grants of up to £2,100 per month primarily for businesses in the hospitality, accommodation and leisure sector who may be adversely impacted by the restrictions in high-alert level areas. These grants will be available retrospectively for areas who have already been subject to restrictions, and come on top of higher levels of additional business support for Local Authorities moving into Tier 3 which, if scaled up across the country, would be worth more than £1 billion.

These grants could benefit around 150,000 businesses in England, including hotels, restaurants, B&Bs and many more who aren't legally required to close but have been adversely affected by local restrictions nonetheless.

## Further information

### Job Support Scheme - Open

- The JSS starts to operate from 1 November and covers all Nations of the UK. For every hour not worked, the employee will be paid up to two-thirds of their usual salary.
- The government will provide up to 61.67% of wages for hours not worked, up to £1541.75 per month (more than doubling the maximum payment of £697.92 under the previous rules). The cap is set above median earnings for employees in August at a reference salary of £3,125 per month.
- Example: a typical full-time employee in the hospitality industry is paid an average of £1,100 per month. Under the Jobs Support Scheme for open businesses, they will still take home at least £807 a month. All the employer needs to pay is a total of £283 a month or just £70 a week; the government will pay the rest.
- Employers using the scheme will also be able to claim the Job Retention Bonus (JRB) for each employee that meets the eligibility criteria of the JRB. This is worth £1,000 per employee. Taking JSS-Open and JRB together, an employer could receive over 95% of the total wage costs of their employees if they are retained until February.
- For more information see the [Job Support Scheme Open Factsheet](#) (PDF, 104KB, 5 pages).

### Self Employed

- The government will provide two taxable SEISS grants to support those experiencing reduced demand due to COVID-19 but are continuing to trade, or temporarily cannot trade.
- It will be available to anyone who was previously eligible for the SEISS grant one and grant two, and meets the eligibility criteria.
- Grants will be paid in two lump sum instalments each covering 3 months. The first grant will cover a three-month period from the start of November 2020 until the end of January 2021. The government will pay a taxable grant which is calculated based on 40% of three months' average trading profits, paid out in a single instalment and capped at £3,750.
- The second grant will cover a three-month period from the start of February until the end of April 2021. The government will review the level of the second grant and set this in due course.
- For more information, [see the HMRC website](#)

### Business Grants

- We are providing additional funding to allow Local Authorities (LAs) to support businesses in high-alert level areas which are not legally closed, but which are severely impacted by the restrictions on socialising. The funding LAs will receive will be based on the number of hospitality, hotel, B&B, and leisure businesses in their area.
- LAs will receive a funding amount that will be the equivalent of:
- For properties with a rateable value of £15,000 or under, grants of £934 per month.
- For properties with a rateable value over £15,000 and below £51,000, grants of £1,400 per month.
- For properties with a rateable value of exactly £51,000 and over, grants of £2,100 per month.
- This is equivalent to 70% of the grant amounts given to legally closed businesses (worth up to £3,000/month).

- Local Authorities will also receive a 5% top up amount to these implied grant amounts to cover other businesses that might be affected by the local restrictions, but which do not neatly fit into these categories.
  - It will be up to Local Authorities to determine which businesses are eligible for grant funding in their local areas, and what precise funding to allocate to each business – the above levels are an approximate guide.
  - Businesses in Very High alert level areas will qualify for greater support whether closed (up to £3,000/month) or open. In the latter case support is being provided through business support packages provided to Local Authorities as they move into the alert level. The government is working with local leaders to ensure the Alert Level very high packages are fair and transparent.
  - For more information see the [Business Grants Factsheet](#) (PDF, 124KB, 1 page).
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### **LG Futures Email Alert: Summer Economic Update**

The Chancellor of the Exchequer, Rishi Sunak, today provided a summer economic update in response to the coronavirus pandemic, which the Chancellor called a 'Plan for Jobs'. A full copy of the plan has been published by HM treasury today

The Office of Budget Responsibility did not provide an 'Economic and fiscal outlook', unlike at the Budget and Spring Statement. However, they will be providing a Fiscal sustainability report on 14 July. The Chancellor therefore outlined the economic and fiscal context to his announcement today and he highlighted:

- The Office for National Statistics (ONS) estimates that Gross Domestic Product (GDP) in April was around 25% below the level recorded in February;
- Over 9m jobs have been furloughed through the Coronavirus Job Retention Scheme – more than a quarter of the UK workforce;
- Universal Credit claims have also been elevated, with 3.4m individual declarations made from 1 March to 23 June; and
- Real time data shows the number of paid employees falling by 612,000 over April and May.

The Chancellor also confirmed that he would introduce a Budget and a Spending Review in the autumn.

The main announcements outlined are as follows:

#### **Job Retention Bonus**

- A [Job Retention Bonus](#) which is intended to reward and incentivise employers who keep on their furloughed employees. The government will introduce a one-off payment of £1,000 to UK employers for every furloughed employee who remains continuously employed through to the end of January 2021. This is estimated at a maximum cost of £9.4bn.

#### **Supporting Jobs**

- A [Kickstart Scheme](#) to stimulate the creation of 6-month work placements for those aged 16-24. Funding made available for each job will cover 100% of the relevant National Minimum Wage for 25 hours a week, plus the associated employer National Insurance contributions and employer minimum automatic enrolment contributions. This is estimated at a cost of £2.1bn but is dependent on the levels of take up.

- A mixture of measures, estimated at costing up to £1.6bn, and intended to boost [worksearch, skills and apprenticeships](#) including:
  - Payments for employers who hire new apprentices: the government will introduce a new payment of £2,000 to employers in England for each new apprentice they hire aged under 25, and a £1,500 payment for each new apprentice they hire aged 25 and over, from 1st August 2020 to 31st January 2021;
  - Traineeships for young people: the government is providing an additional £111m this year for traineeships in England for 16-24 year olds;
  - Enhanced work search support: the government will provide £895m to double the number of work coaches in Jobcentre Plus; and
  - Flexible Support Fund: the government will increase the funding for the Flexible Support Fund by £150m in Great Britain.

### Protecting Jobs

- A [Targeted temporary reduction of VAT to 5%](#). The government announced that it will reduce the rate of VAT to 5% for hospitality, accommodation and attractions from 15 July 2020 to 12 January 2021, with the HMRC publishing further details in the next few days. This is estimated at a cost up to £4.1bn.
- The government also announced an [Eat Out to Help Out scheme](#). This will entitle every diner to a 50% discount of up to £10 per head on their meal, at any participating restaurant, café, pub or other eligible food service establishment and will be valid Monday to Wednesday throughout August. This is estimated at a cost up to £0.5bn.

### Creating Jobs

- **Public sector and social housing decarbonisation.** To help halve greenhouse gas emissions from the public sector by 2032, the government will invest £1bn over the next year in a [Public Sector Decarbonisation Scheme](#) which will offer grants to public sector bodies, including schools and hospitals, to fund both energy efficiency and low carbon heat upgrades.
- The government also announced a [Social Housing Decarbonisation Fund](#) to help social landlords improve the least energy-efficient social rented homes, starting with a £50m demonstrator project in 2020/21 to decarbonise social housing. The government estimates this could cost a potential £1.1bn.
- [Green Homes Grant](#): The government will introduce a £2bn Green Homes Grant, providing at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household. For those on the lowest incomes, the scheme will fully fund energy efficiency measures of up to £10,000 per household. The government estimates this could cost up to £2bn, but this is dependent on take up.
- [Stamp Duty Land Tax \(SDLT\)](#): The government will temporarily increase the Nil Rate Band of Residential SDLT, in England and Northern Ireland, from £125,000 to £500,000 from 8 July 2020 until 31 March 2021, those properties over £500,000 will also benefit but with a sliding scale of SDLT. The government estimates this could potentially cost up to £3.8bn.
- The Chancellor also provided further confirmation of a variety of measures announced by the Prime Minister on 30 June. This includes a previously announced infrastructure package of up to £5.6bn.

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## LG Futures COVID-19 Email Alert: Week Beginning 13 APRIL

Since the most recent of our email alerts on COVID-19 funding issues on 9 April the government has not made any significant announcements on funding for local government. However, they have provided clarification and advice on a number of issues.

1. The government has published a version four, of guidance on the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund. This is available [here](#).
2. MHCLG has circulated a technical FAQs for local government on the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund. This is available on a restricted basis through the LGA [here](#). The FAQs clarify:
  - The Grant funding should not form part of the collection fund;
  - The government is managing the real-time issue of reconciliation between the Grant funding provided to local authorities and awards to businesses. Local authorities are advised to contact their regional Single Point of Contact to discuss; and
  - The business rates relief schemes are designed differently to the grants regime, and the government's assessment is that this is not a State aid. Therefore, the assessment of State aid eligibility for Grant aid does not need to consider the value of business rates reliefs.
3. The deadline for NNDR1 Delta submissions has been extended to the end of today, 14 April 2020.
4. MHCLG have advised local authorities that the NNDR3 pro-forma for 2019/20 will not be issued by MHCLG until Friday 1 May – with a formal return date of 31 July.
5. On 8 April the government announced £750m of funding support for frontline charities across the UK – including hospices and those supporting domestic abuse victims. This will include:
  - £360m directly allocated by government departments to charities providing key services and supporting vulnerable people during the crisis;
  - £370m for small and medium-sized charities, including through a grant to the National Lottery Community Fund for those in England, to support those organisations at the heart of local communities including those delivering food, essential medicines and providing financial advice; and
  - A contribution of at least £20m to the National Emergencies Trust appeal.
6. On Monday 13 April HM Treasury confirmed that more than £14bn from the Coronavirus emergency response fund will go towards public services, including £1.6bn to local government. All of this funding had already been announced in previous announcements.