

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Christine Marshall, Executive Director for Commercialisation

To: Cllr Nick Worth, Deputy Leader of the Council

Author: Matthew Hogan, Executive Manager for Growth

Subject: South Holland Discretionary Business Grants Scheme

Purpose: To approve the council's approach to the delivery of the Phase 2 of the discretionary business grants scheme, to support businesses affected by Covid-19

Recommendation(s):

- 1) That the programme guidance for the South Holland Discretionary Business Grants Scheme Phase 2, as set out within Appendix 1, is approved.
- 2) That the Executive Director for Commercialisation be authorised to implement the Phase 2 Scheme, and make all determinations thereunder that fall in accordance with the guidance as set out within Appendix 1
- 3) That a programme of financial support for regular market traders, as set out in para 1.10, is approved
- 4) That the designation of funds to support Phase 1 applicants, as per para 1.11, is approved
- 5) That delegation be provided to the Executive Director for Commercialisation to make minor subsequent changes to the scheme.

1.0 BACKGROUND

- 1.1 In March 2020, the government released two grant fund schemes aimed at supporting small businesses affected by the Covid-19 pandemic. The Small Business Grants scheme and the Retail, Leisure and Hospital Grant provided grants to small businesses of between £10,000 and £25,000. South Holland District Council received £19 million to administer these two grant fund schemes locally. Applying nationally set eligibility criteria, the council has used these two funding schemes to provide support to over 1,300 businesses within the district.
- 1.2 In May 2020, central government announced an intention for local authorities to run a further programme of support grants for local businesses. The 'Local Authority Discretionary Grant Fund', the latest national guidance for which was released on May 22nd 2020, is designed to allow local authorities to create a fund designed to support small and micro businesses that have not received other forms of financial support from government. The fund has a particular focus on supporting businesses that, as a result of their property/premises based circumstances, did not qualify for the initial two grant schemes.
- 1.3 In order to support the delivery of the scheme, South Holland District Council has been allocated a sum of £990,000. Government has set out an expectation that local authorities

seek to mobilise their schemes as soon as practicably possible, so as to ensure that the first payments made under the scheme will be received by businesses by early June.

- 1.4 In response to this, the council developed an approach to the delivery of its own discretionary grants scheme. The council's scheme, which went live on June 8th 2020. The structure of the first phase of the discretionary grant programme has closely mirrored the government's national guidance in terms of eligibility and priority businesses. The focus of the scheme has been supporting businesses where each of the following applies;
 - The business had not received support under the first grant scheme
 - The business has seen a significant drop in income due to Covid-19 of a minimum of 15% based on the same quarter in the previous year
 - The business has high fixed business-specific property costs and liabilities
- 1.5 Grant payments paid to businesses under the first phase of the discretionary grants scheme have focused on providing businesses with support in meeting their fixed property costs, at a financial value that is proportional to the drop of income experienced by the business as a result of Covid-19.
- 1.6 Utilising the above methodology, as of July 20th 2020, the council's discretionary grants scheme has provided £303,654 of support to 43 eligible businesses within the district. Each of the businesses that received assistance had been identified as having a clear need for financial support to offset the impact of Covid and meet their property-related fixed costs and support their ongoing viability. This support, coupled with the support provided to businesses under the main grants scheme, takes the total number of businesses supported financially by the council to 1,496, with a total grant value of £17,203,654.
- 1.7 The Phase 1 of the discretionary grants scheme has now reached a point where an expansion of the eligibility criteria would enable the council to provide further support to wider pool of businesses that have not yet received any formal support. In order to take this forward, it is proposed that the council launches a Phase 2 scheme based around the following principles;
 - That the requirement to demonstrate fixed property costs in order to access grant funding is removed as a qualifying criteria, on the basis that the Phase 1 scheme has already prioritised and allowed business with fixed property costs to access funding.
 - That businesses will still be required to demonstrate that Covid-19 has had a negative impact on the income of the business compared with previous years
 - That the fund is targeted at those remaining micro and small businesses that have not yet received any form of financial support, including support through the Self-Employment Support Scheme.
 - That a fixed grant sum of £5,000 is utilised in terms of the payment methodology for the Phase 2 scheme.
- 1.8 The launch of a secondary phase of a discretionary grants programme is a common approach across many local authorities, as their Phase 1 programmes naturally conclude. In that respect, launching a Phase 2 scheme is entirely consistent with the approach being taken by local authorities across the country, and is deemed by officers as being compatible with the guidance associated with the discretionary grant programme as set by central government.
- 1.9 It is proposed that an online application process will be launched in late July 2020. The council will publicise the application opening date in advance of the scheme opening for applications. In order to meet with the government's expectations that applications are

processed promptly and payments made as soon as practicably possible, applications will be assessed on a 'first come, first served' basis.

- 1.10 Furthermore, in taking forward the Phase 2 scheme, it is also proposed that an element of the remaining £650,000 in funding is earmarked to support the market traders that regularly trade and operate within the planned markets across South Holland. The markets that take place across the district are a highly important part of the fabric of the district, both from a place and economic perspective. This programme will sit alongside the main Phase 2 scheme, but will be administered in accordance with the mandatory criteria set by government on discretionary grant programmes. It is proposed that the grant support that the council will seek to provide to market traders will reflect the grant sums proposed under the wider Phase 2 scheme. If approved, the Council will contact individual market traders on the next steps concerning access to funding support.
- 1.11 Finally, that in order to ensure parity and equality between the administration of the Phase 1 and Phase 2 grants scheme, it is proposed that a sum of c£70,000 is reserved to provide further support to businesses that received less than £5,000 in funding under the Phase 1 grants scheme. This will assist to ensure consistency across Phase 1 and Phase 2, so that no business is disadvantaged as a result of receiving less than £5,000 under the Phase 1 scheme. If approved, this funding will be processed and paid to those businesses directly.

2.0 **OPTIONS**

- 2.1 **That the report recommendations be approved (Recommended).** Under this option, the scheme principles will be approved. Officers will commence preparatory work to mobilise the South Holland Discretionary Grants phase 2 scheme on the basis of the agreed principles.
- 2.2 **That the report recommendation are not approved, and members consider an alternative scheme by making amendments to Appendix 1.** Under this option, officers will revisit the proposed scheme to make amendments, as directed by members.
- 2.3 **Do nothing (Not recommended).** Under this option, the principles are not agreed. The council will need to revisit the scheme principles and consider alternative options.

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 To approve the council's approach to the delivery of a phase 2 of its discretionary business rates scheme, to support businesses affected by Covid-19, and to enable preparatory work ahead of scheme mobilisation to commence.

4.0 **EXPECTED BENEFITS**

- 4.1 The expected scheme benefit is that, through the scheme, the council will seek to provide meaningful and targeted financial support to small and micro businesses within the district. The total value of funding available to the council to distribute is c£650,000.

5.0 **IMPLICATIONS**

5.2 **Constitution & Legal**

- 5.2.1 Decisions around grant approval will be taken through the Executive Director for Commercialisation. If, in exceptional circumstances a grant award is made which represents a departure from the agreed scheme principles, any such decision will be made through a Portfolio Holder decision.

5.2.2 The matter of state aid support to businesses will be dealt with through the application process.

5.4 **Corporate Priorities**

5.4.1 The report recommendation supports the councils corporate priority of 'Your Opportunity'

5.6 **Data Protection**

5.6.1 The council will ensure that the discretionary grants scheme is run in accordance with all relevant data protection requirements and legislation

5.7 **Financial**

5.8.2 The report carries with it financial implications in that the proposed programme will see the distribution of up to £650,000 in funding distributed to small and micro businesses across the district. The funding utilised for this scheme has been provided to South Holland District Council via central government.

5.10 **Reputation**

5.10.1 A communications plan will be developed alongside the programme to ensure that the reputation of the council in administering the scheme is well managed.

5.10 **Risk Management**

5.11.1 A risk register will be developed alongside the scheme delivery to ensure that key risks are identified and mitigated.

5.11 **Staffing**

5.11.1 Administration of the proposed scheme will include Economic Development team members, PSPS Finance team, and external accountancy support as and when required.

5.12 **Stakeholders / Consultation / Timescales**

5.12.1 In terms of stakeholders, the launch of the scheme will be coupled with a communication strategy to ensure that all key stakeholders (namely businesses and their representative organisations e.g. Lincs Chamber) are aware of the scheme and how to apply.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All wards

Background papers:- None

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Key Decision: No

Exempt Decision: No

