

## **NORTH LINCOLNSHIRE COUNCIL**

### **LEADER OF THE COUNCIL**

#### **DISCRETIONARY COVID-19 BUSINESS SUPPORT GRANTS**

##### **1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1. To inform the Cabinet Member of an additional grant support being made available by the Government to small businesses with high fixed property related costs.
- 1.2. To set out a local scheme, incorporating national criteria and locally determined criteria designed to maximise the benefit to businesses in North Lincolnshire.
- 1.3. To seek approval to pay discretionary Covid-19 business support grants to businesses based on the eligibility criteria set out in this report.
- 1.4. The matter is urgent in order to enable grant payments to be made to eligible businesses as quickly as possible, in response to and in accordance with government expectations.

##### **2. BACKGROUND INFORMATION**

- 2.1. In April 2020 the Government announced several measures to support businesses experiencing difficulties in trading due to the emergence of the Covid-19 virus. In addition to these measures, the Government is now providing Local Authorities with additional funding to target small businesses with high fixed property-related costs that are not eligible for the current grant schemes being delivered.
- 2.2. The Government are making an additional 5% uplift to the grant allocations previously announced for the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund. This amounts to £617m nationally and equate to around £1.735m for North Lincolnshire. The Government have however, stipulated that any anticipated unspent from the existing schemes must be used first, before the 5% additional uplift is made available.
- 2.3. The Council has always anticipated that it would not be able to fully utilise its initial funding allocation, therefore we may not be able to make use of the additional 5% uplift. We will be notified of this week commencing 18 May 2020
- 2.4. The national criteria must apply to all grants paid out from the discretionary fund. However, the Government also want local authorities to exercise their local knowledge and discretion in designing local schemes, recognising that economic need will vary across the country. The local scheme proposed is

detailed in appendix 1 and the Government have given assurance that local authorities will not be penalised for using their discretion.

2.5. The Government has also set out four types of businesses which are to be prioritised for grant support in the first instance:

- Small businesses in shared office accommodation
- Regular market traders (who are not in receipt of business income support)
- Bed & Breakfast establishment
- Self-employed
- Charities

However, what the Government has made clear is the grant is not aimed at homeworkers.

2.6. There are three levels of discretionary grant available:

- £25,000 (maximum)
- £10,000
- Any amount up to £10,000

The level of funding to be awarded should reflect the financial impact endured by businesses, and aligned with the level of grant support available under the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund schemes.

2.7. It has been acknowledged that Local Authorities will want to make use of an application process and that it may take time for this to be established. That said, it is expected that Local Authorities will make every effort to enact this process quickly and effectively so that businesses that need this funding receive it as quickly as possible. Appendix 1 sets out an application process, which aims to contain the time from when a business submits an application to when it receives a grant to just under one month. The Government anticipates that local authorities will be making their first payments in June 2020.

2.8. An online application portal will be created and to capture all the information necessary to enable applications to be fairly judged. Businesses will be asked to submit evidence to demonstrate that they comply with national and local criteria.

2.9. As part of the application process, it is proposed that an integrated team of officer's work together to review the applications, making the best use of a wide skill set.

2.10. The Council is required to submit weekly information updates to Government on progress followed by the number of grants issued, with other reporting requirements likely to follow.

### **3. OPTIONS FOR CONSIDERATION**

3.1. To approve the Covid-19 discretionary business support grant scheme set out in appendix 1. This is the only option available as doing nothing would mean the Council not implementing national policy to support businesses in North Lincolnshire.

### **4. ANALYSIS OF OPTIONS**

4.1. The analysis is outlined in the background information in section 2, and means that the Council would be able to commence its discretionary grants process as quickly as possible.

### **5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)**

5.1. The Government has already provided the Council with £37.242m to distribute funding to eligible businesses under the small business grants fund and the retail, hospitality and leisure grants fund. The Government are expected to confirm specific funding allocations week commencing 18 May 2020, in the first instance Local Authorities will be required to use any funding they anticipate to have remaining from their initial allocations. Additional funding will only be made available where a Local Authority does not have sufficient remaining funds to meet the costs of the additional 5% discretionary fund.

### **6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

6.1. Not applicable.

### **7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

7.1. Not applicable.

### **8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

8.1. Not applicable.

### **9. RECOMMENDATIONS**

9.1. To approve the covid-19 discretionary business support grant scheme contained in appendix 1.

DIRECTOR: BUSINESS DEVELOPMENT

Church Square House  
High Street  
Scunthorpe  
North Lincolnshire  
DN15 6NL

Author: Helen Manderson  
Date: 13 May 2020

**Background Papers used in the preparation of this report**

Covid-19 Business Support Grants: Local Authority Discretionary Grant Fund  
(insert link when published)

# COVID-19 DISCRETIONARY BUSINESS SUPPORT GRANT SCHEME

## Appendix 1

### Scheme Summary

The impact of Covid-19 has been widespread, and has provided challenging conditions for most businesses. The Government recognises this, and has outlined a series of business support schemes. It has recently announced that it will provide Local Authorities with additional funding to target small businesses with high fixed property related costs and that are not eligible for the other grant schemes that are being delivered.

The Government have set out four types of business which are to be prioritised in the first instance for discretionary grant support. These are:

1. Small businesses in shared offices or other flexible workspaces (e.g. businesses renting space for part of the week)
2. Regular market traders who do not have a business rates assessment
3. Bed and breakfasts which pay council tax instead of business rates
4. Charity properties in receipt of charitable business rates relief who would otherwise have been eligible for small business rates relief

### National and Local Criteria

The Government have also set national criteria which must apply to all grants made from this fund. The Council has also included its own criteria which it hopes will maximise the benefit of this resource in North Lincolnshire, and support the economic prosperity of its area. Discretionary grants can only be paid to:

National Criteria	Local Criteria
<ul style="list-style-type: none"> <li>• Businesses with ongoing fixed building related costs</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses with a rateable value of less than £51k or rent/mortgage payments less than £51k on 11<sup>th</sup> March 2020 (for those that pay business rates)</li> </ul>
<ul style="list-style-type: none"> <li>• Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses with a turnover of less than £10.2m or where the authority deems appropriate in an exceptional case.</li> </ul>
<ul style="list-style-type: none"> <li>• Businesses with fewer than 50 employees or where the Council deems appropriate that it can be higher.</li> </ul>	<ul style="list-style-type: none"> <li>• Businesses that are still trading (i.e. have not closed down completely)</li> </ul>
<ul style="list-style-type: none"> <li>• Businesses that were trading on 11<sup>th</sup> March</li> </ul>	
<ul style="list-style-type: none"> <li>• Businesses not eligible for existing grant schemes (i.e. small business grants fund and retail, leisure and hospitality grant fund)</li> </ul>	

Due to the widespread impact of Covid-19, different levels of impact are being felt across different industries and different geographies. As such, the Council will consider applications from any businesses which comply with the above criteria.

Level of Grant Support Available

There are three levels of grant potentially available to eligible businesses: £25,000 (maximum), £10,000, and up to £10,000. Each successful application for discretionary grant support will be awarded grant support, with the amount predicated on two things:

- The evidenced financial impact due to the Covid-19 crisis
- The total interest in the scheme

As part of the application process, applicants will be asked to provide evidence of their financial statements which clearly show how their income and expenditure has been impacted by Covid-19. The net impact (reduction in income less reduction in costs) is needed to enable grant amounts to be determined for successful applicants. This a clear expectation of Government, with grant levels needing to be proportionate to the level of impact felt by businesses.

The application will ask the applicant to estimate the financial impact to their business caused by Covid-19, which will need to be supported by evidence (e.g. income and expenditure records). The estimated impact up to the end of June 2020 is required, providing officers with a baseline which can be compared to others.

The Council has been allocated a finite resource from which to allocate discretionary grants from - the level of interest in the scheme could influence the level of financial support available.

North Lincolnshire Council intends to allocate funds as per the below:

- 50% - assigned to the core 4 priorities as set out in the government guidance
- 40% - for other businesses who are economically impacted
- 10% - appeals process as required by BEIS.

If North Lincolnshire is oversubscribed to the discretionary grant we will make representation to the Department of Business, Energy and Industrial Strategy to request additional funding and/or utilise any forecasted underspend.

North Lincolnshire Council’s policy is aligned to that of our neighbouring authorities, with offices attending a number of workshops that have helped informed our process.

Our policy and guidance will need to remain fluid as currently we do not have intelligence on the number of applications and the types of applications we will receive.

Application Process

ROU nd of Appli	<b>Stage One - Application Portal Opening Period (first tranche)</b>
	The application portal ( <a href="https://investinnorthlincolnshire.com/coronavirus">https://investinnorthlincolnshire.com/coronavirus</a> ) will open on Friday 22 <sup>nd</sup> May 2020 and will close on Sunday 31 <sup>st</sup> May 2020.

	This will give businesses just under two weeks to submit an application.
	<b>Stage Two – Review of Submitted Applications</b>
	From Monday 1 <sup>st</sup> June 2020, a panel comprising a minimum of three officers from across the Council will work together to review all submitted applications. Each application will need to be verified against the criteria set, with a financial impact from Covid-19 determined. It may be necessary for officers to contact applicants for more information if the application does not contain all necessary supporting information (e.g. evidence requested in the application).
	This stage is expected to conclude by Friday 12 <sup>th</sup> June 2020, although this will be dependent on the volume of applications received.
	<b>Stage Three – Notification of Application Outcome and Grant Allocations</b>
	On Monday 15 <sup>th</sup> June 2020, applicants will be notified if their application has been successful and, if it has, how much grant they have been awarded. Payments are then envisaged to be made in to nominated bank accounts on Wednesday 17 <sup>th</sup> June 2020.

If any resource from the Council’s allocation is left at the end of the first round of applications, it is envisaged that a further round of applications will be held. This will be promoted on the Council’s website and on social media if this is the case. It is important to note that the scheme set out in this appendix will need to be continually reviewed against developing Government guidance. If the criteria changes, or if timescales on grant distribution are imposed, the process set out may need to be reviewed and, if necessary, amended.

### Declined Applications

The Council will strive to distribute resource to those in need as quickly as possible, in a fair and proportionate way guided by the criteria set out above. Businesses which have been declined for discretionary grant support will be provided with the reasoning which has supported the application outcome.

If the applicant is unhappy with the decision, they are entitled to request that the Council go into further detail with the applicant to demonstrate how the decision has been taken. The Council must consider the information provided (with clarifications where necessary), therefore new information will not be taken into account after the round of applications has closed. Businesses are therefore encouraged to provide as much evidence as possible as part of their application to enable officers to reach an accurate judgement.

Guidance on the type of information needing to be submitted with the application can be seen on the application portal. Applicants are encouraged to consider this and the criteria above (which will also be on the website) before applying.

**COVID 19 – DISCRETIONARY GRANT APPLICATION FORM****APPENDIX 2**

The below sets out the proposed application form for the discretionary grant scheme. The form will be on the Invest In North Lincolnshire Website along with a series of pre-qualification questions and a copy of central government guidance,

<b>COVID19 Discretionary Grant Reference No:</b>			
<b>Company Name</b>			
<b>Company Registration Number:</b>			
<b>Business Address</b> (main address of operations):			<b>Contact Name:</b>
			<b>Telephone:</b>
<b>Registered Office Address</b> (if different):			<b>Mobile:</b>
			<b>Email:</b>
			<b>Website:</b>
<b>Legal status of business</b>	Sole Trader / Partnership / Limited Company / Co-operative /Other * (if other, please give details)		
<b>Business Rates Account Reference</b> (if applicable)		<b>Rateable Value of Property</b> (if applicable)	
<b>Date of incorporation</b> (if incorporated):		<b>Date commenced trading:</b>	
<b>Total current number of employees within company:</b>		<b>Business Sector:</b>	
<b>Company turnover:</b>		<b>Company balance sheet:</b>	
<b>Business Activity</b>			

--	--	--	--	--	--	--

Applicants: Directors/Managers						
Full Name	Address inc. post code (please provide address details for last 5 years)	Date of birth	Position	Remuneration	£ invested	% share-holding

OTHER SHAREHOLDERS:		£ invested	% share-holding
Full name	Address		
<b>Total (all shareholders):</b>			<b>100%</b>

OTHER KEY MANAGEMENT POSITIONS		
Name	Position	Role/responsibility
<b>Total no of Employees in Company</b>		

**GROUP DETAILS (To be completed only if Company is part of a Group)**

Name of ultimate parent company	
Head office address	
Total no of employees within group	
Group turnover	
Group balance sheet	

<b>Brief description of how COVID19 has impacted the business turnover?</b>
<b>Brief description of fixed property overheads still required to be paid during COVID19?</b>
<b>Is your business claiming any other financial support from COVID19 government schemes? If yes, please detail which schemes you have applied?</b>
<b>Is your business still trading, if so, have you adapted the way you undertake your business and has this incurred additional costs?</b>

Amount of Grant Requested:	

Alongside your application please provide the following:

- Previous 2 years full annual accounts including profit and loss for those periods
- Management accounts for the below periods:
  - Jan – May 2019
  - Jan – May 2020
- Copy of Lease (if applicable)
- List of fixed property overheads (rent, insurance, utilities etc.)

***Failure to provide full information may lead to delays or refusal of your grant application***