

North Lanarkshire Council Report

Enterprise and Growth Committee

approval noting

Ref BDF/YW

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Covid-19 – Business Grants

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Executive Summary

The purpose of this report is to update the committee regarding the business support grants being administered by the council on behalf of the Scottish Government, including proposals for the delivery of the Discretionary Grant scheme. The report also highlights that because delivery of the Scottish Government's business grant schemes has been prioritised by the council, the launch of the council's own Coronavirus Business Recovery Fund scheme has been pushed back to Spring 2021. These future grants are aimed at supporting businesses to adapt and diversify, whereas the current grant schemes aim to help businesses that have been most severely affected by the Coronavirus restrictions survive.

Recommendations

It is recommended that the Committee:

- 1) Note the position regarding the delivery of the range of Scottish Government grant schemes to support local businesses.
- 2) Approve the proposed criteria for the Discretionary Grant Fund as set out in section 2 of this report.
- 3) Note that the progress that has been made with the development of the council's Coronavirus Business Recovery Fund, which will be launched in Spring 2021.

The Plan for North Lanarkshire

Priority Improve economic opportunities and outcomes

Ambition statement (5) Grow and improve the sustainability and diversity of North Lanarkshire's economy

1. Background

- 1.1 As outlined in a separate report to this committee outlining progress with developing an Economic Recovery Plan, the council is committed to doing everything it can to support local businesses to survive the impact of Covid-19 and to adapt and develop their businesses wherever possible. While the Economic Recovery Plan focusses on how the council can support future local economic recovery and growth, the immediate priority is to provide support and assistance to businesses to help them survive the current economic crisis caused by the coronavirus pandemic.
 - 1.2 The Scottish and UK Governments have introduced a wide range of business support measures aimed at helping businesses survive and maintain employment throughout the crisis, including the Coronavirus Job Retention Scheme (CJRS) (Furlough scheme); the Self Employed Income Support Scheme, and various grant schemes, including those administered by the council as set out in Appendix 1. Despite a myriad of funding schemes, there are still many businesses who have been unable to access the funding support available. The council has helped to signpost businesses to potential available funding through one-to-one advice provided by the Enterprise Team and Business Gateway, and through its web site and regularly updated Summary guide of all available funding.
 - 1.3 The council has directly administered the grants outlined in Appendix 1 and as at 8 January 2021 the council had paid out over 6595 grants, totalling £54,307,645. It should be noted that the administration of these grants has been carried out by existing staff who have had to be re-deployed from their regular duties to focus on delivery of the grant schemes. This has inevitably impacted on other council priorities and workload. The delivery of the current grant schemes is being led by the Enterprise Team with assistance from staff from across a wide range of teams in the council, including the Non-Domestic Rates and Licensing teams. In total a team of around 20 staff are supporting delivery of the range of grants, not including essential support from central teams such as Finance, Legal, Corporate Communications and IT.
 - 1.4 In August 2020 the committee approved plans to develop a one-off Business Recovery Fund of £1.5m to help small and medium sized local businesses adapt and develop their businesses to enable them to recover, grow and, hopefully, expand. It was originally anticipated that these grant schemes would be launched in late 2020, but given the position with on-going restrictions and the range of support available through UK and Scottish Government grant schemes, it is proposed that the launch of the Recovery Fund should be postponed to the Spring to enable both the council, and local businesses to focus on maximising existing financial support to help sustain businesses through the ongoing period of restrictions.
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2. Report

- 2.1 On 17 November 2020, the Scottish Government announced further support for businesses and self-employed people in Scotland impacted by restrictions introduced to control the spread of coronavirus (COVID-19) to operate alongside and complement the Strategic Framework Business Fund as set out in the First Minister's Statement to Parliament. Included in this announcement was a

commitment to establish a £30 million Discretionary Fund to enable local authorities to provide additional support for businesses in their area.

- 2.2 Through this fund, the Scottish Government is providing a one-off grant to each local authority in Scotland for the purposes of providing support to businesses impacted by Coronavirus restrictions. North Lanarkshire Council has been allocated £1.71m. The aim of the discretionary funding is to mitigate the short term financial challenges being experienced by businesses adversely impacted by restrictions and regulations introduced since October to control the spread of COVID-19.
- 2.3 Unlike previous funds which have been targeted towards specific groups or sectors impacted by COVID-19, the Discretionary Fund allows local authorities to direct additional financial support to specific groups or sectors within the business community where they consider this to be necessary or justified based on the needs and characteristics of their own area. The Scottish Government expect priority to be given to small and micro businesses (50 employees or fewer), particularly those who may have received limited financial support since October and whose businesses have experienced significant disruption, without having been specifically required to close or adapt their operations as a result of regulations.
- 2.4 Taking account of the Guidance issued by the Scottish Government and consultation with relevant stakeholders, it is proposed that the fund should be as open and inclusive as possible. North Lanarkshire has a broad and diverse business base, and therefore it is not proposed to target funding at particular sectors but rather distribute the funds primarily to businesses with employees, who can demonstrate genuine hardship and immediate financial challenges as a result of the ongoing restrictions and regulations.
- 2.5 It is proposed that the Fund will be available for:
- Micro and small businesses (up to 50 employees).
 - Limited Companies (including Scottish Charitable Incorporated Organisations and social enterprises), Sole Traders, Trusts, Partnerships, and Community Interest Companies.
 - Self-employed and freelancers will be eligible by exception where they can demonstrate they have been unable to access support through any other schemes and where they can evidence that their income through self-employment is greater than 50% of their total income
 - Businesses that were trading as at 17 March 2020 and can provide evidence of active trading in the period before restrictions came into place on 9 October 2020
 - Businesses that have not received funding or support since 9 October 2020 (excluding the Coronavirus Job Retention Scheme) and are not eligible for the Strategic Framework Business Fund or other current or recently announced schemes proposed by the Scottish Government for the period to 31 March 2021
 - Businesses that can clearly evidence that they have had a significant loss of income as a result of COVID-19 restrictions
 - Business that have not breached wider COVID regulations/requirements leading to enforcement action

- 2.6 Given the limited funds available it is proposed that only one grant will be available per business (irrespective of number of premises) and to split the Fund as follows:
- Self- Employed/Freelancers – a one-off grant of £2,000
 - Businesses with no employees (other than the owner, partners or directors in the business) – a one-off grant of £2,000
 - Business employing 1-50 staff (not including the owner or partners or directors in the business) – A one-off grant of up to £10K on a sliding scale depending on number of employees (final amounts to be determined)
- 2.7 The volume of applications is likely to be considerably higher than funding available and will require be dealt with on a first come first serve basis.
- 2.8 An on-line application process will be in place and businesses will be required to upload evidence in support of their application. The evidence requirements will be clearly detailed in the application guidance. An appeals process will also be put in place.
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3. Equality and Diversity

3.1 Fairer Scotland

- 3.1.1 The provision of grant support to businesses is helping to sustain local employment and reduce further inequality.

3.2 Equality Impact Assessment

- 3.2.1 An Equality Impact Assessment will be carried out for the Discretionary Grant Fund.
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4. Implications

4.1 Financial Impact

- 4.1.1 The council receives funding from the Scottish Government to cover the value of grants paid by the council to businesses, which as of 21 January 2021 amounted to £54,307,645. The Scottish Government has identified £12m of funding towards the cost of administering the grant schemes by local government of which £439K has been allocated to the council. It should be noted that existing staff delivering the funds have had to be taken off their normal duties which has impacted on delivery of other council priorities and services.

- 4.1.2 The council has been allocated £1.71m for the Discretionary Grant Fund which must be spent or legally committed by 31 March 2021. Unspent funds will require to be returned to the Scottish Government.

4.2 HR/Policy/Legislative Impact

- 4.2.1 A temporary post to assist manage the business grant schemes and associated appeals is currently being recruited which will be paid for by the administrative funding to be received from the Scottish Government.

4.3 Environmental Impact

4.3.1 There are no environmental issues to consider arising from this report

4.4 Risk Impact

4.4.1 A risk register has been developed in relation to the administration of the Business Support Grants, and where possible actions taken to mitigate the main risks associated with the rapid delivery of the range of business support grants. There is an obvious risk of fraudulent claims, but processes have been put in place to seek to minimise these risks, balanced against the need to process grants as quickly as possible to support businesses facing immediate hardship.

4.4.2 The Scottish Government has confirmed that while it expects local authorities to ensure that procedures for administering the grants are suitably robust, it will not hold councils liable for payments associated with fraud and error. The exception to this would be circumstances where a council is found to be materially not compliant with the relevant UK Government fraud control guidance.

4.4.3 Advice and a systems audit for all business grant schemes is sought from the council's internal audit team who work with the Enterprise Team to review procedures and ensure systems are established for processing and awarding grants which minimises risk and prevents fraud.

5. Measures of success

5.1 The main measure of success will be the successful delivery of the range of business support funds as set out in Appendix 1 to help support as many businesses as possible survive the impact of the current pandemic.

6. Supporting Documents

6.1 Appendix 1 – Business Support Grant Schemes administered by the council



Pamela Humphries
Head of Planning and Regeneration

Scottish Government Grants administered by North Lanarkshire Council

Fund	Announced & Current Status	Number of grants paid	Total	Description
Small Business Grant Fund	Phase 1 - 18 March Phase 2 – 15 April (Now Closed)	3568	£34,895,000	Phase 1 - A £10,000 grant for eligible businesses that operate from Non-Domestic Rates paying premises with rateable value below £18,000 in receipt of eligible rates relief. Phase 2 – Grants of £7,500 for each subsequent qualifying multiple property
Retail, Hospitality and Leisure Grant	Phase 1 - 18 March Phase 2 – 15 April (Now Closed)	268	£6,431,250	Phase 1 - Grants of £25,000 for eligible businesses in the retail, hospitality and leisure sectors that operate from premises with a rateable value between £18,001 and £51,000. Phase 2 – Grants of £18,750 for each subsequent qualifying multiple property
Small Business Grant Fund - Phase 3 – Grants for Tenants/Occupiers	8 June (Now Closed)	86	£860,000	Grants of £10,000 for tenants/occupiers who were not the named ratepayer on the NDR bill.
Newly Self-Employed Hardship Fund (Phase 1)	29 April (Now closed)	326	£652,000	Non-repayable hardship relief grant payments of £2,000 to those unable to access the UK Government's Self-Employed Income Support Scheme by virtue of being newly self-employed.
B&B Hardship Fund	16 June (Now Closed)	1	£3,000	Aimed specifically for B&Bs operating from a personal bank account

COVID-19 Restrictions Fund – Closure and Hardship	9 October (Now Closed)	313	£889,070	Support for businesses in the five health board areas that were closed by regulation or those across Scotland that remained open but were significantly impacted by the restrictions including those in the direct supply chains of firms that must close. This fund was specifically to cover the period between 9 October and 2 November
COVID-19 Restrictions Fund – Furlough Grant	9 October (Now Closed to new applicants)	153	£252,450	Support towards Furlough Costs to support employees in businesses in the Central Belt that were closed by Regulation between 9 October and 2 November.
COVID-19 Restrictions – Contingency Fund	27 October (Now Closed)	18	£460,000	For payment to soft play centres and nightclubs that have been closed by regulation between March and November.
Strategic Framework Business Fund (SFBF)	2 November (Open for Applications to March 2021) Live	962 *As at 21 January 2021	£3,994,625 *As at 21 January 2021	Grants of £2,000/£3,000 (depending on rateable value) prorate every four weeks for businesses required to close by law and £1,400/£2,100 (depending on rateable value) prorate every four weeks for businesses specifically required to modify their operations by law based on the Tier Levels. Can apply for multiple properties

Strategic Framework Business Fund – Hospitality, Retail And Leisure Sector Top-Up Payments	21st December (hospitality), 27th December 2020 (retail) and 11th January (leisure) Live	900 *As at 21 January 2021	£5,870,250 *As at 21 January 2021	One-off top up grant of £6K/£9K for retail and leisure businesses depending on rateable value. One-off top-up grant of £6K/£25K depending on rateable value for hospitality businesses. These grants are payable in January
Taxi and Private Vehicle Hire Support Fund	18 January 2021 Live	Approx. 2600 licensed drivers are based in North Lanarkshire	£4.1m Allocation	Anticipated to provide grants to taxi and private hire vehicle drivers of £1,500 to support them in mitigating the high fixed costs associated with running their vehicle
Local Authority Discretionary Fund	Expect to go live following 4 th February Enterprise & Growth Committee	Expect c500 approved applications but substantially more applications	£1.71m Allocation	Discretionary fund for local authorities to help support small and microbusinesses as well as self-employed people who have been excluded from other Scottish Government financial support since October.
Contingency Fund Plus – Non Domestic Rates Sector Based Support (Travel agents, Brewers, and indoor football)	Not yet provided by Scottish Government	Not yet provided by Scottish Government	Not yet provided by Scottish Government	Anticipated to provide grants of either £10k/£25k/£30k to businesses in the sectors identified to depending on their rateable value and other eligibility factors (incl. production volumes for breweries)
B&B and Guest House Support Fund	Not yet provided by Scottish Government	Not yet provided by Scottish Government	Not yet provided by Scottish Government	Anticipated to provide a £2K grant for B&B and Small Service Accommodation businesses who have not been able to access support through other schemes.