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|-------------------------|---|---------------------------------|
| <b>Report To:</b>       | <b>Policy &amp; Resources Executive<br/>Sub-Committee</b>                               | <b>Date: 30 June 2020</b>       |
| <b>Report By:</b>       | <b>Scott Allan<br/>Corporate Director, Environment<br/>Regeneration &amp; Resources</b> | <b>Report No: P+R/20/04/01</b>  |
| <b>Contact Officer:</b> | <b>Stuart Jamieson</b>  | <b>Contact No: 01475 712402</b> |
| <b>Subject:</b>         | <b>COVID-19 – Business Support Scheme</b>   |                                 |

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to seek authority to amend the Scheme of Delegation (Officers) to allow the Head of Regeneration and Planning to issue business support interventions of up to £30,000 for a period of one year till 30<sup>th</sup> June 2021.

## **2.0 SUMMARY**

- 2.1 The Council provides a range of business support measures through economic development interventions, primarily through advice and guidance along with grants and loans for businesses within Inverclyde.
- 2.2 The impact of COVID-19 has resulted in many local businesses suspending operations and whilst a number of business support measures have been introduced by both governments, some local businesses find themselves unable to access specific schemes due to either documentary evidence not being available or in the format required to achieve eligibility. The availability of a short term business support of up to £30,000 repayable over a period of twenty four months, could be very attractive.
- 2.3 The Scheme of Delegation (Officers) currently affords the Head of Regeneration and Planning delegated authority to administer grants of up to £10,000, and loans of up to £5,000. Approval is sought to vary this authority up to £30,000 for a period of one year till 30<sup>th</sup> June 2021.
- 2.4 Whilst the impact of this new ceiling for interventions should be net zero, no budget exists to underwrite non-payment. It is proposed therefore that funds to administer this intervention will be recovered from the Council's share of the former West of Scotland Loan Fund which currently rests with Business Loans Scotland resulting in no strain on the Council's budget.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Sub-Committee approves:-
- a) a temporary change to the Scheme of Delegation (Officers) to allow the Head of Regeneration and Planning to administer business support interventions of up to £30,000 for a period of one year till 30<sup>th</sup> June 2021;
  - b) that business development support is made available to businesses for up to £30,000 who find themselves disadvantaged in eligibility for governmental support as gap funding; and

- c) the transfer of £200,000 from funds held in Business Loans Scotland back to the Council for economic development interventions.

**Scott Allan**  
**Corporate Director Environment Regeneration and Resources.**

## 4.0 BACKGROUND

- 4.1 Inverclyde Council provided business support to over three hundred business through a number of business and property development interventions in the financial year 2019-20. These interventions are made up of a combination of advice, loans and grants.
- 4.2 The impact of COVID-19 has resulted in many local businesses suspending operations and whilst a number of business support measures have been introduced by both governments, some local businesses find themselves unable to access specific schemes due to either documentary evidence not being available or in the format required to achieve eligibility. The availability of a short term business support of up to £30,000 repayable over a period of twenty four months, could be very attractive, the proposed interest rate would be at PWLB rates for 2 years plus 0.5% ie 2.5%.
- 4.3 In October of last year the Environment and Regeneration Committee agreed to transfer all of its former West of Scotland Loan Fund (WofSLF) balance to Business Loans Scotland. These funds have been subject to European interventions and can only be used for limited economic development purposes. Including the original start up balance for Business Loans Scotland, the Council as of 31<sup>st</sup> March had a cash balance of £245,771 albeit with an ERDF liability of £33,982. It is proposed that the Council withdraws £200,000 from BLS for economic development activity in line the original aims and objectives of the WofSLF.
- 4.4 European State Aid rules must be considered when providing public funding, and where appropriate, the necessary State Aid cover through a notified scheme should be applied. The legal basis for provision of European Structural Funds is through the legal powers Scottish Ministers have in the Scotland Act 1998. Whilst the level of intervention proposed is likely to be considered de-minimus, by charging a commercial rate on the loan ensures compliance.
- 4.5 Support offered by the Council for business development purposes is often considered as gap funding, i.e. where the applicant has exhausted all other funding sources. This type of intervention does carry a higher risk of default and would not normally be supported by traditional credit checks.
- 4.6 In order to comply with FCA requirements it will be necessary to engage the support of a company listed on the financial services register.

## 5.0 IMPLICATIONS

### FINANCE

#### 5.1 Financial Implications:

One off Costs

| Cost Centre | Budget Heading | Budget Years    | Proposed Spend this Report<br>£000 | Virement From | Other Comments                     |
|-------------|----------------|-----------------|------------------------------------|---------------|------------------------------------|
| BLS         |                | Up to June 2021 | 200                                |               | Backed by the former WoSLF balance |

Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact £000 | Virement From (If Applicable) | Other Comments |
|-------------|----------------|------------------|------------------------|-------------------------------|----------------|
| N/A         |                |                  |                        |                               |                |

**LEGAL**

5.2 There are legal issues within this report and the Head of Legal and Property Services has been consulted in the preparation of this report.

**HUMAN RESOURCES**

5.3 There are no human resource issues.

**EQUALITIES**

5.4 There are no equality issues within this report, access to this short term type of funding will be available to all businesses and will not disadvantage anyone.

Equalities

(a) Has an Equality Impact Assessment been carried out?

|   |  |
|---|--|
|   | YES (see attached appendix)  |
| X | NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required |

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report’s recommendations reduce inequalities of outcome?

|   |  |
|---|--|
|   | YES – A written statement showing how this report’s recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed. |
| X | NO   |

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

|   |   |
|---|---|
|   | YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals. |
| X | NO  |

## **6.0 CONSULTATION**

6.1 Legal and Property Services have been consulted in the preparation of this report.

## **7.0 BACKGROUND PAPERS**

7.1 None