
**DECISION MADE UNDER THE URGENT
SCHEME OF DELEGATION**

31st March 2020

Report of the Head of Corporate Finance & Commercial Procurement

Emergency Hardship Fund for Local SMEs

Summary including Reason for this Decision

The decision in this paper is to support York businesses, including the self-employed, to adapt to new trading arrangements during social distancing and the Covid-19 temporary measures but who are not eligible to receive any of the business rate reliefs or grants announced by Government over recent days.

Reason: To support the York economy through the Covid-19 outbreak, helping its small, micro and one person businesses to adapt to new trading conditions.

Background

The CV19 Small Grants scheme

All businesses in York are facing unprecedented challenges. Small, micro and one-person businesses are a vital part of our economy, comprising approximately 17,000 enterprises and 20% of our city's GVA. They have a total turnover in excess of £1bn, and employ many thousands of people in York. The Government are setting out a wide range of measures to help such businesses, including grants and loans, wage payments and self-employed income measures. There remain, however, many businesses which will inevitably fall through this new safety net. We want to try and help those businesses to survive the disruption in trading caused by the epidemic and the social distancing measures we are adopting as a Country.

For example, we would like to help businesses where:

- Their business cannot function effectively and they are unable to access support from other grant schemes
- They need to adapt to the new social distancing rules, getting remote working and collaborative tools working
- They may need to mothball their business, putting operations on hold until the economy emerges from the pandemic, perhaps needing legal or accountancy help or support on IT systems and security
- They may need to adapt their business to trading entirely online, setting up new web-based channels, developing e-payment routes, adapting their products and services for social distancing
- They may wish to explore new markets, products or services which they can develop to create different income streams
- They may need legal, HR or finance advice to help them keep their staff team on board and make use of the support offered by Government
- Are experiencing urgent financial stress as a result of the enforced closure of their business

Our offer: we have a grant fund of £1m **available to support York-based small, micro and one person businesses that are not eligible for the £10k or £25k grant from Government.** The fund will be initially targeted at measures which will help those businesses adapt to the new situation as described above.

The administration of these grants will be light touch in order to provide a fast response to those businesses most in need.

The **maximum grant** will be £1,000 per business, to be reviewed at the end of April. For businesses which themselves work with our target group, there is scope to pool grants across a group to produce a larger project. We will make the funds available as quickly as possible, while ensuring that the money goes to genuine businesses which are trying to adapt.

In addition, we will make **free membership of the Federation of Small Businesses** available to eligible York businesses, up to a ceiling of £114k of membership fees in the first instance. We have negotiated a reduced membership rate, and the sum would allow 1,000 one person businesses, or 500 ten person businesses to join and access the free helpline for business advice.

- Evaluation – There may be as many as 16,000 eligible businesses who could apply for a grant and therefore only 6 % of them may be successful. It is important that the £1m is used to target those businesses who are not eligible for other forms of government COVID related grant or financial remedy, focussing the financial support of the council to provide crisis relief to those small businesses who have nowhere else to turn. This would focus evaluation upon proof of hardship and ineligibility for other schemes, but would not significantly change the proportion of eligible businesses that might receive support. The criteria will be :-Self-employed: Business must have a Unique Tax Reference Number UTRN from HMRC with retrospective check
- Registered business – must provide Company Number, or details from other registration schemes
- Light touch assessment that the business is trading – adverts, web site, accounts etc
- Grants are not available for businesses already eligible for the £10k and £25k grants from Government.
- Allocated to the first 1,000 eligible businesses who apply
- Cannot be used to cover wages which are covered by grants to furlough staff.

We will establish a simple **online application process**, appraising applications through a pool of staff from CYC, Make it York, and York BID. Recommendations for grant funding will be reviewed by the Head of Economic Growth and Head of Revenues and Benefits, who will be the decision makers. There will be no appeal process, but eligible businesses that make unsuccessful applications will be able to make further bids should the scheme be extended. No more than one grant per business in this round of funding.

After collecting basic evidence to ensure businesses are legitimate and trading, **grants will be paid through the creditors system**, using the .csv template approach used previously for processing multiple small payments to new payees.

After payment, we will contact businesses to review the effectiveness of grants and **collect evidence of the impact** of our funding. This evaluation will be commensurate with the scale of funding provided.

Consultation: In developing these proposals, we are consulting with a wide range of external business bodies, with business-facing services of CYC and with the Executive Member for Economy and Strategic Planning. All are supportive.

Implications

Financial

It is proposed that, initially, £1.114m of the £4.7m Covid-19 support grant from government is earmarked for this fund.

Human Resources (HR)

No implications

Equalities

No implications.

Legal

Applicants will be asked to confirm that they have received no other public funding to ensure compliance with state aid regulations. The application process will be audited by Veritau before it goes live and amendments may be made to reduce the likelihood of fraud

Crime and Disorder, Information Technology and Property

No implications.

Risk Management

There is a risk that, despite making this funding available, businesses will still fold and therefore these funds will be lost and not have the desired impact.

Unfortunately, there have been a number of reports of people trying to take advantage of the current emergency measures. We are working with Veritau to mitigate against this as far as possible and ensure fraud prevention, including a review of the effectiveness of the grants. This is line with government guidance.

Recommendation

To agree the scheme as outlined above.

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Chief Officer responsible for the report:

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Interim Head of Paid Service

**Report
Approved**

Date 31/03/2020

Specialist Implications Officer(s):

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Background Papers: None