

Open Report on behalf of Andy Gutherson, Executive Director - Place

Report to:	Councillor M J Hill OBE, Leader of the Council (Executive Councillor: Resources and Communications)
Date:	Between 19 - 26 February 2021
Subject:	Business Support Programme
Decision Reference:	I021763
Key decision?	Yes

Summary:

On 19 February 2021 the Council meeting will be invited to create a new Support for Businesses Reserve of £12m for the purpose of implementing schemes for supporting Lincolnshire businesses.

Subject to Council approval for the creation of the reserve, this report seeks approval from the Leader of the Council (Executive Councillor for Resources and Communications) for the use of the reserve to establish a programme of support to businesses, as set out in this report.

The business support budget will be a direct response to the financial challenges presented by Covid-19, and it will be used to support businesses who have received no help from other government schemes as well as being used to provide a platform for other businesses to respond to the economic emergency created by the pandemic and enable them to adapt to the changing environment and grow once restrictions are lifted.

Recommendation(s):

That the Leader of the Council (Executive Councillor for Resources and Communications):

- (1) Subject to approval by the County Council for the creation of a £12m Support for Businesses Reserve, approves the use of the reserve to provide the following support to business programme:
 - a) £7.000m for grants to businesses who have received no government funding during the Covid-19 pandemic;
 - b) £2.500m in investment grants for businesses who have the potential to grow quickly;

c) £1.000m in vouchers for businesses to use on improving their digital presence and services; and

d) £1.500m to support tourism and local economic initiatives.

(2) Authorises the Executive Director – Place, in consultation with the Executive Councillor for Economy and Place, to approve the final form of the programme to include the detailed processes governing applications and payments.

Alternatives Considered:

Alternative A: Do not deliver an additional business support programme.

Not delivering a business support programme will save the Council resources, both in cash and in officer time.

However, there is clear evidence that many businesses have exhausted their cash supplies as a result of damage in the form of increased costs or lost income caused by Covid-19. This in turn can put the existence of the business at risk. There is currently no government funding available to support a number of these businesses. It is estimated that the number of businesses in Lincolnshire who have not been able to receive government support is between 1,000 and 2,000, although it is recognised that some of these will have been able to continue to operate and they are not the target businesses for this proposed programme.

There is also clear evidence that businesses that need to invest to grow or to adapt to changing customer conditions are unable to attract the funding required at the pace that they require.

By not delivering a business support programme the County Council will not assist a significant part of the Lincolnshire community – the businesses who create jobs and wealth. The Council will therefore miss an opportunity to respond to the economic emergency created by the pandemic and create the conditions for a strong recovery.

Alternative B: Deliver an additional business support programme that has a different focus.

Adapting the focus of the business support programme could enable the County Council to provide services to a broader range of businesses.

However, the business support programme that is proposed should not be considered in isolation. A range of business services are provided by the Business Lincolnshire growth hub and district councils have been the conduit for funding from government to certain types of business.

The programme set out in this report has been designed specifically to avoid duplicating support already available and focuses on specific types of support necessary to address the effects of the pandemic and the economic emergency associated with it in the particular conditions applying in Lincolnshire. Adapting the additional business support programme risks the Council duplicating provision which would not be a prudent use of public funding.

Reasons for Recommendation:

The use of a £12m business support reserve to deliver the programme as set out in this report enables the County Council to provide funding to businesses who are most at need.

It will help to compensate them for the damage caused by Covid-19, to help them to adapt to meet changing customer needs, and as such it will help to avoid the county's economy from suffering disproportionately as the wider impacts of Covid-19 and the economic emergency created by it are felt.

1. Background

The Executive has recommended that the Council makes a substantial investment in business support, of £12m, focused on new ways of delivering finance and other support that compensates for the damage caused by Covid-19 as well as responding to the economic emergency it has created.

The damage caused by Covid-19 and the economic emergency created by it has affected the business community significantly. A recent ONS report (Business Impacts of Coronavirus, ONS, January 2021) showed that 15% of businesses had no or low confidence that their business would survive the next three months.

The economic impact has been felt across business types, but there are clear trends in Lincolnshire:

- A significant number of businesses have been unable to claim government support.
- Businesses need to invest in digital technology in order to adapt to changing patterns of customer demand.
- Some business growth plans have stalled due to a lack of available capital.
- Businesses in rural communities, especially in the retail sector, will continue to play an important role in serving their locality.
- The visitor economy has been significantly affected.

An important point to note is that the re-opening of the economy following lockdown, which has happened on two occasions, has led to a difficult cycle of closure/little income for businesses followed by a need to increase stock and staffing levels for a period without lockdown, all of which has contributed to additional financial burdens for business.

The proposals in this report concern how to address each of these issues.

Businesses who have been unable to claim government support

The Federation of Small Businesses in Lincolnshire estimates that there are between 1,000 and 2,000 businesses who were unable to claim government support.

Some of these businesses have been able to operate during the pandemic, but many have not and where businesses have not been able to operate or attract government funding, then the businesses have often exhausted their business and personal cash reserves. This business support programme will provide a substantial level of funding for those businesses who were unable to operate during the periods of lockdown to partially compensate them for the damage caused and thereby enable them to have a platform for growth.

- **£7.000m will be provided in grants to those businesses who have not received any government support through the Lincolnshire County Council Business Recovery Fund.** These will be directors paying themselves a dividend, recent start-ups, and businesses who do not have a business premises. (Grants of either £2,500, £5,000, £7,500 or £10,000 each will be offered, as requested by the applicant)

The detailed purpose of this investment is to provide finance to those businesses that are struggling from Covid-19 but were not mandated to close and did not receive government funding from other sources including Local Authority Grants and some national schemes such as the Self Employment Income Support Scheme, but plan to continue in business for at least the next three months.

The grant is to compensate for financial losses due to Covid-19 and thereby support survival.

- Overall 4.6% of businesses say they have no cash reserves
- 3.5% have less than one month cash reserves
- 24% have one - three months cash reserves
- Most impacted sectors in terms of zero cash flow are:
 - Accommodation and Food Sector 8.9% ; 53% have fewer than three months left
 - Service activities 6.9% ; 50% have fewer than three months
 - Health and Social work 5.8% ; 29% have fewer than three months
- Micro businesses are more impacted than larger businesses, with 9.6% having no cash reserves and 33% having less than three months.

Many of the businesses targeted by this Fund will be micro-businesses. Examples include people who work from home; rent a chair; man and van; driving schools; and taxi drivers.

No match funding is required from the business and there are no requirements around how the grant will be used by the business.

Only one application per business (regardless of number of premises) will be permitted.

The target audience will be small enterprises up to 50 employees or less based in Lincolnshire.

Businesses must not have received other government Covid-19 support provided via local authorities and other national schemes. These businesses will be:

- Directors that pay themselves a dividend rather than via PAYE that could not access the furlough scheme.
- Businesses that started, or made some legal change, or started self-employment after 11 March 2020.
- Businesses not on the business rates rating list or do not have a premise and therefore do not have fixed overhead costs, e.g. work from home; rent a chair; man and van; driving schools; and taxi drivers.

SMEs [small and medium-sized enterprises] trading more than twelve months must be able to certify that their business has lost income as a result of Covid-19 and will be able to apply for up to £10,000. SMEs trading for fewer than twelve months must be able to certify that they have lost business as a result of Covid-19 and they will be able to apply for up to £5,000.

There will be an online application form which will be accessed from the Lincolnshire County Council website. There will also be detailed guidance about eligibility and how to complete the form both published in advance and available on the website.

The form will require various items of evidence and several checks will take place before approval for payment so there will be a lag between application and payment. The Council's ambition is to undertake these checks quickly whilst seeking to avoid any risk of misuse of the Council's funds.

Successful and unsuccessful applicants will be advised via email.

Applications will open on 23 February and will close on 25 February inclusive.

After the application window closes, applications will be processed in order of receipt and payments will be made daily as applications are approved. Once eligibility checks have been carried out the funding will be allocated on a first come first served basis. Further rounds may open, if funding remains unallocated.

The Executive has tasked officers with establishing a system which provides funding quickly to help those businesses who have suffered from significant cash problems. This means that a rapid process will be in place, and that therefore there is a risk that the Council's funding could be open to misuse. Learning from other public sector grant schemes generally typically shows rates of fraud in the range of 0.5% to 5.0% of applicants.

Risks

The vast majority of applicants for this fund will be genuine businesses who have suffered loss as a result of Covid-19 and have not received any financial assistance. However, wherever a public body provides grants to third parties there is the risk of misuse of funding. This risk is heightened where, as here, members request a minimum of bureaucracy in order to ensure a timely response to what is an urgent situation for businesses. It is appropriate therefore to draw attention to these risks and describe in general terms how they will be addressed.

Particular risks in this programme include applications by people who do not run businesses, applications from ineligible businesses (e.g. those who have already received Covid-19 grants from other sources) or applications from businesses that misrepresent whether they have suffered losses as a result of Covid-19. Any of these could have a negative impact on the reputation of the Council as well as a cost to the public purse.

Following advice from the Council's counter-fraud team, a very clear and detailed process has been established to control risk. This approach includes a formal application process and guidance notes.

Applicants will be required to certify the truth of the information they have provided and will be warned that the deliberate provision of false information will be treated as fraud. The Council has strict anti-fraud policies and a longstanding and rigorous approach to pursuing fraud and those who defraud or attempt to defraud the Council.

Evidence will be required to be submitted in support of key aspects of the scheme such as business existence and losses sustained. A number of checks will be carried out both manual and through online systems prior to payment being certified and independent audits will be undertaken on a percentage of cases.

In summary, the provision of these grants will have a positive impact on a large number of businesses who have not received support despite the difficulties of Covid-19. There are clear processes in place to operate the programme, but the Council's desire to provide money quickly does heighten the risk of misuse of funding.

Supporting businesses to respond to the economic emergency created by Covid-19 and prepare for a post Covid-19 future

Additional analysis shows that the economic emergency created by Covid-19 has led to a substantial change in customer behaviour and in the size of the economy.

The latest Gross Domestic Product estimates are for November 2020 and are UK based:

- The economy in November 2020 was 8.5% smaller than it was in February 2020.

- It shrank by 2.5% between October and November 2020, following several months of consecutive growth from the low point of April 2020, when it was 25% smaller than in February 2020.

To respond to the economic crisis in Lincolnshire businesses will need to change for the future, whether that is by attracting funding to help them to implement their own growth plans or whether it is through adapting to digital services which are essential for maintaining their customer base. In addition there needs to be a recognition of the important role that village shops and rural businesses will continue to play in their community and it also needs to be recognised that the tourism and hospitality sector has been particularly badly affected by the Covid-19 pandemic.

- **£2.500m will be provided in investment grants to businesses who have the potential to grow rapidly through the Lincolnshire County Council Invest for the Future grant** – some of this amount will be ring fenced to help young businesses with great ideas because they are the county's future. (It is envisaged that investments will be up to a maximum of £75,000, and an approval process involving councillors and business leaders will be established to ensure that the grants respond to the economic challenges facing the county)

This programme will provide larger growth funding grants to support businesses to grow by stimulating business investment that would not otherwise occur with the current economic emergency, thereby helping to remove the barriers to private sector led growth and employment.

- Nationally, 35% of businesses report decreased investment in plant, machinery and equipment, highlighting longer-term concerns for the economy as many businesses pause investment plans or revise them down. This follows a pattern of downturn in investment since March 2020.
- In the Lincolnshire Chamber of Commerce QES Q4 (December) survey, 57% of businesses said that they had reduced investment plans (in terms of plant/equipment/capital) in the past three months.
- In the same survey 47% said they had decreased training investment.

Grants of between £25,000 and £75,000 will be available. Experience of similar schemes suggests that projects will normally request up to a maximum of 25% of funding, therefore the minimum project size is £100,000.

Projects should aim to increase productivity and create new wealth and jobs and seek to meet one or more of the following drivers; Growth, Innovation Diversification, New to Export and Automation. The Project should support value added activity that will create new commercial opportunities and additional sustainable employment in Lincolnshire.

Types of project might include - new investment in property infrastructure, buildings and refurbishment costs; plant, machinery and equipment; or IT and new technology.

Projects must commence within three months of the award of funding.

As a legacy of previous funding programmes and their rules, some sectors are excluded including financial services; school age education providers; fisheries and aquaculture; primary production, processing and marketing of agricultural products; coal steel and shipbuilding; and synthetic fibres sector.

The business will complete an expression of interest (EOI) form to provide an outline of the activity they wish to undertake. Approved EOIs will be invited to complete an application form and return which will then undergo a formal appraisal and due diligence review before a grant can be confirmed.

Approved applications will claim the grant monies after the project has been completed and evidence of spend provided.

Expressions of Interest will be open from 15 March to 17 March inclusive. After the EOI window closes, EOIs will be processed in order of receipt.

Further rounds may open if funding remains unallocated, however, it should be recognised that this funding is a direct response to the economic problems associated with Covid-19 and therefore Lincolnshire County Council will actively promote the Invest for the Future grant because of its current importance.

- **£1.000m will be provided in digital vouchers through the Lincolnshire County Council Digital Voucher.**

Some of this programme will be for businesses to improve their digital presence and some of which will be for businesses to invest in new digital technology whether it is card readers for small businesses or stock control systems, booking systems, etc for larger businesses.

- 14% of businesses have changed their business model to increase homeworking permanently going forward; 19% are not yet sure.
- This number rises to 23% for medium and large businesses.

Our emphasis will be on those businesses who either do not have a, or who need to increase their, digital presence. This will typically be a small business (up to 50 employees) who does not have a web presence. The approach will be to provide vouchers not grants - vouchers being used locally where that gives businesses the best outcome (for example with a local web designer).

Whilst we will not insist that the vouchers must be used within the county – sometimes high quality specialist support is not available in the county and the programme will not be restricted to domestic markets - we will use our Local Business and Supplier Directory to raise opportunities for local businesses. (Vouchers are expected to be either £1000 or up to £5,000 each)

The coronavirus pandemic has expedited the move towards increased digitisation of business processes. Some businesses have not been able to make these steps

as they do not, because of Covid-19, have the cash reserves available to make required investments in infrastructure, software, hardware or expertise.

These businesses are at risk of being left behind and of being at significant disadvantage.

The digital voucher will enable businesses to digitise to innovate and remain competitive. The Digital Voucher also aims to support local digital businesses by encouraging shopping locally for digital supplies and services wherever possible, however use of the voucher will not be restricted to domestic goods.

The target audience is SMEs based in Lincolnshire wanting to digitise. Qualifying digital projects could include for example new technology such as ecommerce platforms, contactless payment systems, website developments, software development, IT hardware and software to support remote working, digitisation of processes.

Examples of what the digital voucher **cannot** support are set out below:

- purchase of “standard” office information technology equipment such as laptops, or PC’s unless this has been highlighted as a requirement to enable remote working as part of a business process improvement project.
- ongoing normal business costs (i.e. business rates, overheads, basic equipment and tools required to undertake the economic activity, etc.).
- costs associated with a statutory requirement for the business.
- any costs that have already been incurred prior to receiving the Grant approval.

The business will complete an expression of interest form to provide an outline of the activity they wish to undertake.

Approved EOIs will be invited to complete an application form and return with three quotes for each item to be purchased (at least one from a Lincolnshire based business). Approved applications will receive 60% of the grant up front and will claim the remaining 40% after completing the project.

Expressions of Interest will be open from 8 March to 10 March inclusive. After the EOI window closes, EOIs will be processed in order of receipt.

Further rounds may open if funding remains unallocated.

- **£1.500m will be provided for local shops, communities through the Lincolnshire County Council Rural Business Grant, and as an outcome of the tourism commission.**

Community businesses in rural areas have been vital during the lockdown period, and it is proposed that a village shop/pub/business grant scheme is developed similar to one run by the Council several years ago. This had a very positive effect on rural businesses, and enabled all councillors across the county to help local

businesses. Dependent on market demand, a subsidy towards a shop local scheme may also be offered. The impact of these investments will be very local in nature.

- 50% of retail businesses say their turnover is lower than what is normally expected at this time of year; with 11% saying it has decreased by 50% or more.
- Online sales increased during 2020 by 46% in the UK, whilst traditional high street retail such as clothing stores saw sales drop by 25% during 2020.

The Village Shop and Rural Facilities Grant will provide a capital grant to village shops and rural businesses to enable them to invest in new facilities or equipment as a response to:

- diversification opportunities resulting in a new product or service;
- adapting to Covid-19 challenges and needs;
- becoming sustainable by updating physical infrastructure; or
- developing sustainable rural tourism offers.

Grants between £3,000 and £25,000 will be available covering up to 75% of total eligible costs.

Revenue funds will be available for a limited list of services, including marketing package or specialist consultancy (up to 15% of total grant).

60% upfront payments will be made followed by remaining 40% post project proof of payment.

The target audience for this programme is locally-owned businesses or community applicants in rural communities of less than 20,000 people. It includes retail, tourism, essential services and business to business.

- Applicants will have no more than 50 fte staff, and turnover of less than £10million, ie micro to small business or be a legally constituted community group/not for profit organisation.
- Franchise businesses are eligible in some cases.
- Start-up businesses are not eligible to apply.
- The fund will not support agricultural or horticultural activity. Agricultural businesses can however apply for non-agricultural projects (e.g. a farm shop or tourism).
- Grants will not fund land acquisition, 'like for like', vehicles, any costs incurred prior to a grant approval, statutory costs etc (list not exhaustive).

The business will complete an expression of interest form to provide an outline of the activity they wish to undertake.

Approved EOIs will be allocated a sponsor to help develop the project and complete a full application form.

The applicant returns the completed full application with three quotes for each item to be purchased (ideally at least one from a Lincolnshire based business). Approved grants must be claimed within 90 days.

Expressions of interest will be open from 8 March to 19 March inclusive, unless the funding ceiling is met.

The tourism commission continues to meet monthly with its final meeting on 24 February 2021. It is likely that its recommendations will include very targeted marketing and product development for families and to help individual tourism businesses to package up their products to provide a quality "offer" to visitors. The funding will be used to kick-start some of the recommendations in the tourism commission. This will include a re-launch of the www.visitlincolnshire.com website.

2. Legal Issues:

Subsidy Control

Since 1 January 2021 the County Council has been governed by a number of obligations in relation to subsidy control. These are:

- World Trade Organisation (WTO) rules;
- UK Free Trade Agreements including in particular the UK-EU Trade and Co-operation Agreement (TCA); and
- The Northern Ireland Protocol of the UK-EU Withdrawal Agreement.

For the purposes of these different regimes the core characteristics of a subsidy are:-

- a financial or in kind contribution;
- provided by a public authority;
- that confers a benefit on the recipient in the sense of an economic advantage not available on market terms; and
- that causes a distortion in or harm to competition, trade or investment.

It can properly be argued that a number of grants made in support of the programme described in this report do not meet this definition. In particular many grants will be provided to very small businesses with very local markets where there is no potential for an impact on trade and investment elsewhere. However all of the proposed elements of the Business Support Scheme could potentially meet this definition and it is on this basis that the subsidy control analysis has proceeded.

WTO rules only apply to subsidies in respect of goods. Subsidies can either be prohibited or "potentially actionable" under the rules.

The Council's business support programme is not prohibited.

Where a subsidy is "potentially actionable" under the rules, other members of the WTO can dispute their award if they can demonstrate the award causes adverse impact on another member's interests. Given the scale of individual awards, the size of the businesses receiving the awards and the predominantly local nature of the businesses the risk of action under this provision is considered to be low.

The definition of a subsidy under the UK-EU TCA expands the core WTO definition by, in particular, including subsidies which could have an effect on trade or investment between the UK and the EU. A challenge under the TCA does not therefore have to establish that there has been an impact.

Again there are certain prohibited subsidies under the UK-EU TCA but none of these are relevant to the Council's Business Support programme.

More relevant is the fact that subsidies of the following type are exempt from control under the UK-EU TCA:-

- subsidies to compensate for the damage caused by natural disasters or other exceptional non-economic occurrences; and
- subsidies that are granted on a temporary basis to respond to a national or global economic emergency where the subsidies are targeted proportionate and effective in order to remedy that emergency.

These provisions allow for Covid-19 related subsidies.

In addition the UK-EU subsidy provisions only apply to subsidies over the value of 325,000 Special Drawing Rights per beneficiary over a three year period.

The element of the Business Support programme which provides grants to those who have not received government support is explicitly to address the damage arising out of Covid-19 to a group of businesses that have not been assisted by the government's Covid-19 support. It is therefore considered this element is exempt.

In addition, it can reasonably be argued that the other elements of the Business Support programme which are specifically designed to support businesses in the Lincolnshire economy to position themselves for a post-Covid future also meet the requirements for exemption. In particular they respond directly to the economic emergency created by Covid-19 and are targeted, proportionate and effective to remedy the emergency by supporting recovery from it.

In any event none of the subsidies exceed £75,000 and some are and will be significantly smaller than this. They all therefore potentially fall below the de minimis level of 350 Special Drawing Rights over a three year period. Consideration of the de minimis requirements will form part of the application process for each of the Investment Grant, Digital Vouchers and Rural Business Grant elements of the programme.

The Northern Ireland Protocol states that existing State Aid rules apply to measures which affect trade in goods and electricity between Northern Ireland and the EU.

When applying the provisions, the EU will have regard to Northern Ireland's integral place in the UK internal market. An effect on trade cannot merely be hypothetical, presumed or without a genuine, direct link to Northern Ireland. Finally it must be established why the measure is liable to have an effect on trade based on the real foreseeable effects of the measure.

It is therefore not expected that this measure will impact on the Business Support Scheme other than in exceptional circumstances. This will be considered on a case by case basis.

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

This business support programme is available to all eligible persons to apply. It will be publicised on the Council's website which makes provision to support anyone at a disadvantage. All team members who are involved in processing the applications have undergone the Council's standard equality and diversity training.

Joint Strategic Needs Analysis (JSNA) and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS) in coming to a decision.

The JSNA identifies a strong link between the economy/employment and health and wellbeing. The Council is investing in this business support programme in order to provide support to the economy at a time of economic emergency. The tourism scheme, in particular, will be relevant to the JSNA because there is a strong correlation between the areas most affected by the lockdown of the visitor economy sector and those areas with the highest incidence of health difficulties.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

Many studies have shown a link between levels of unemployment and levels of crime. By delivering this business support programme it is hoped that a large number of jobs will be safeguarded or created which should have a positive impact by reducing the risk of increased crime and disorder in Lincolnshire.

3. Conclusion

In conclusion, the Business Support Programme will meet a clear need both for those businesses who need financial support as a result of the Covid-19 pandemic, but were unable to attract government funding and for those businesses who need to adapt in order to meet changing customer demands or to grow. The programme will be available throughout the county of Lincolnshire.

Whilst there are risks associated with delivering the programme, the benefits of the programme on Lincolnshire's business community will be significant.

4. Legal Comments:

The Council has the power to implement the programme proposed. The legal issues relating to subsidy control are set out in the Report.

The decision is consistent with the Policy Framework and, subject to full Council approving the necessary budget provision at its meeting on 19 February 2021, the decision is within the remit of the Leader of the Council (Executive Councillor for Resources and Communication).

5. Resource Comments:

Accepting the recommendation in this report, to provide the Support for Business Programme, will commit the Council to no more than £12m of additional costs.

This programme is currently not budgeted for and is reliant on Council approving the creation of a new 'Support for Business' earmarked reserve and approving the transfer of £12m into this new reserve from the Financial Volatility earmarked reserve.

The report has highlighted financial risks associated with the programme, and sufficient process will need to be put in place to mitigate against these.

6. Consultation

a) Has Local Member Been Consulted?

Not applicable, this is a county wide programme.

b) Has Executive Councillor Been Consulted?

Yes.

c) Scrutiny Comments

This report will be considered by the Environment and Economy Scrutiny Committee on 16 February 2021. Any comments from the Committee will be forwarded to the Leader of the Council.

d) Has a Risks and Impact Analysis been carried out?

Yes.

e) Risks and Impact Analysis

Please see risk analysis embedded into the report.

7. Background Papers

No background papers within Section 100D of the Local Government 1972 were used in the preparation of this report.

This report was written by Justin Brown, who can be contacted on 01522 554825 or justin.brown@lincolnshire.gov.uk