

Report to the Leader of the Council

12 February 2025

Wards: all

Hull City Council Business Loan Fund

Report of the Executive Director for Regeneration and Partnerships Directorate.

Report Status:

This item is not exempt

Therefore exempt reasons are not applicable

This is a key decision. The matter is in the Forward Plan

Insert the Forward Plan reference number (delete this section if not applicable)

1. Purpose of the Report and Summary

1.1 The Leader of the Council, Councillor Ross to delegate to the Executive Director for Regeneration and Partnerships Directorate the authority on behalf of Hull City Council to authorise loan payments for the Hull City Council Business Loan Scheme over the value of £249,999.00 up to a maximum value of £1,000,000.00

1. Recommendations

2.1 That authorisation is given to the Executive Director for Regeneration and Partnerships Directorate to authorise loan payments in respect of the Hull City Council Business Loan Scheme over the value of £249,999.00 up to a maximum value of £1,000,000.00.

2. Reasons for Recommendations

3.1 In July 2023, Cabinet agreed to accept up to £20m of LUP funding for several predefined projects. One of these projects, with a capital allocation of £1m, was the creation of a small business loan scheme. The Business Loan Scheme is aimed at small and medium sized businesses in Hull which have capital spend projects only – i.e. plant and machinery, land and buildings.

3.2 This is a new scheme designed to support businesses located within the Hull City Council boundary, the loan scheme is able to support the development of Capital Projects and will lend either stand alone or in syndication with other business lenders with a FCA accredited lender. The scheme is flexible regarding rates, term and security and has been designed to help bridge any risk gaps the primary lender may face in supporting local businesses. The minimum loan we can offer is €72,000 which equates to a minimum loan of £60,260, initial maximum loan size is £250,000 however higher loans can be considered. The scheme has been advertised with a maximum seven-year repayment term.

3.3 This is funded through Levelling Up partnerships money and, under the terms of that grant is required to be committed no later than 31st March 2025.

3.4 Proposed projects are subject to approval by the Business Growth & Skills Hub Investment Panel (who also look after the Growing Places loans and grants).

3. Key Organisational Impacts

4.1 Impact on other Executive Committees (including Area Committees) and decision makers:

None.

5. Background

5.1 The scheme designed to support businesses located within the Hull City Council boundary, the loan scheme is able to support the development of Capital Projects and will lend either stand alone or in syndication with other business lenders with a FCA accredited lender. The scheme is flexible regarding rates, term and security and has been designed to help bridge any risk gaps the primary lender may face in supporting local businesses. The minimum loan we can offer is €72,000 which equates to a minimum loan of £60,260, initial maximum loan size is £250,000 however higher loans can be considered. The scheme has been advertised with a maximum seven-year repayment term.

5.2 This is funded through Levelling Up partnerships money and, under the terms of that grant is required to be committed no later than 31st March 2025.

5.3 Proposed projects are subject to approval by the Business Growth & Skills Hub Investment Panel (who also look after the Growing Places loans and grants).

6. Comments of the Monitoring Officer (Town Clerk)

6.1 The Levelling Up Partnership Loan Scheme was originally approved with the idea of awarding loans with a value between £60,200 - £150,000 and on a syndicated basis with high street lenders. The Council has not received enough applications to use the funding, and the end date for the use of the funding is 31 March 2025. The widening of the scope of the loans will enable the Council to spend the allocated amount before the end of the grant period.

6.2 The Council has the powers under the Localism Act 2011 to enter into loan agreements with businesses. All loan applications are scrutinised by officers of the Council, including finance and legal before being approved or rejected by a panel. (PG)

7. Comments of the Section 151 Officer (Director of Finance and Transformation)

7.1 The director of finance and transformation notes the report.

7.2 There are significant time constraints in relation to approval of these loans with loans needing to be agreed no later than 31st of March 2025 in order to be compliant with the terms of the levelling of partnership funding, and whilst we originally expected that there will be no loans in excess of £250,000 this has not proven to be the case. Allowing this flexibility would allow loans to be agreed and not to lose the funding.

7.3 Each individual loan will be subject to its own separate approval process through a decision record. (GS)

8. Comments of the Assistant Director OD & HR and compliance with the Equality Duty

8.1 There are no staffing or equality issues arising for the council from this decision. KH

9. Comments of Overview and Scrutiny

9.1 This report has not been subject to pre-decision scrutiny. (Sc8610 – AS)

10. Comments of the Portfolio Holder for Regeneration & Housing

10.1 It's important that the Business Loan Fund has enough flexibility in its terms of reference to allow it to adapt to fluctuations in market interest. I support the recommendation now being made which will allow considerations of loans above the initial £250k limit to a maximum of £1 million. This will help with the defrayment of funds before the upcoming 31st March 2025 deadline set by the government.

Contact Officer: Andy Bradley / Emma Tozer

Officer Interests: None

Background Documents:

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	No
Value for money considerations have been accounted for within the report	No
The report is approved by the relevant Director/Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	N/A
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	No
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	No
Any Health and Safety implications are included within the report	N/A
Any human rights implications are included within the report	N/A

I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	N/A
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	N/A
I have considered how the decision may contribute or impact on culture and heritage within the city.	N/A
I have included information about how this report contributes to the Community Plan/ Area priorities within the report	No
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	N/A