

Local Authority Discretionary Grants Fund

Report of the Finance Portfolio Holder

Recommended:

That authority is given to the Head of Revenues, in consultation with the Leader, Finance Portfolio Holder, Economic Development Portfolio Holder, Head of Legal & Democratic Services and Head of Finance, to formulate, implement and if necessary amend a local policy for administration of the Local Authority Discretionary Grants Fund.

SUMMARY:

- The government has announced that local authorities will be required to administer a discretionary grant fund as part of the national measures to combat the coronavirus pandemic.
- Unlike the business support grant scheme that was largely prescribed by government, this scheme enables some decisions about eligibility and the amount of funding that can be awarded to be set at a local level.

1 Introduction

- 1.1 This report is presented to Cabinet to seek approval for a new delegated authority to the Head of Revenues. The delegated authority is for the development of a new discretionary grant funding scheme to be implemented by the Council.

2 Background

- 2.1 The government has put in place a wide range of measures to support the economy in the fight against coronavirus.
- 2.2 Some of these are administered centrally, whereas others are to be delivered by local authorities. Examples of the schemes already delivered by this council are the business support grants and council tax hardship schemes.
- 2.3 On 1 May 2020 the government announced that it would be introducing a new scheme targeted at small businesses with high property-related costs but which fall outside the eligibility criteria for the existing business grant schemes. The national budget for this is £617M.

2.4 Initial guidance for local authorities was issued on 13 May (see annex to the report). The government has set out some national criteria that set the boundaries for this grants fund and indicated the types of business that it would like to see supported. However, it is up to authorities to determine for themselves which businesses should receive support and the level of support that can be given.

3 Key points from government guidance

3.1 The government guidance sets out that the grant fund is predominantly aimed at:

- Small and micro businesses (to be small, a business must satisfy at least two of the following requirements in a year: turnover less than £10.2M; balance sheet value less than £5.1M; less than 50 employees)
- Businesses with relatively high ongoing fixed property-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
- Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

3.2 It goes on to further recommend that the following types of businesses should be prioritised:

- Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment;
- Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment;
- Bed & Breakfasts which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

3.3 Local authorities can make grant awards of £25,000; £10,000; or any amount up to £10,000 that it deems appropriate.

3.4 Finally, there are some specific exclusions from eligibility for a grant. These mainly relate to businesses that are eligible for support from any other central government COVID-related scheme. The most relevant of these are:

- Self Employment Income Support Scheme (SEISS)
- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant

3.5 Businesses who have applied for the Coronavirus Job Retention Scheme are able to apply for a grant.

3.6 Should a business come forward that is eligible for a small business or retail grant, we will automatically process their application under that existing scheme. The application process will need to determine whether an applicant is eligible for SEISS so that we can re-direct them to that form of support.

3.7 Only businesses that were trading on 11 March 2020 (the date of the Budget and reference date for the small and retail grants) are eligible for support.

3.8 The guidance is attached as an annex to the report.

4 Development of a local policy

4.1 It is probable that the number of applications for support will exceed the amount of funding that is available.

4.2 It is therefore recommended that the Council sets out clear criteria for determining which businesses will be prioritised for support and the amount of support that will be provided.

4.3 That policy is currently being developed. However, given the recent publication of local authority guidance for this scheme it has not been possible to recommend a policy to Cabinet with this report. Instead, it is recommended that the Head of Revenues be given delegated authority to develop a scheme, implement it and make any amendments to it that may become necessary, in consultation with the Leader, Finance / Economic Development portfolio holders and Heads of Finance / Legal & Democratic Services.

4.4 It will be necessary to create an application form for businesses to apply for a grant. This will need to collect information about the nature of the business, its ongoing property cost commitments and the impact of coronavirus on its income.

4.5 Unlike the small business / retail grant schemes, the funding for the discretionary relief grants is capped. It will, therefore, be necessary that the final scheme is designed in such a way that the allocated funding is not overspent to avoid creating a budget pressure.

4.6 There are two ways that this can be achieved.

Option 1 – Have an application period for all potentially eligible businesses to apply, and then make payment to those considered to be the highest priority for Council support (Recommended).

Option 2 – Pay grants on a first come, first served basis. This would mean that once the funding allocation is reached, no more grants would be paid.

5 Option Appraisal

5.1 The main difference between options 1 and 2 is the trade-off between the ability to target the relatively small amount of funding that is available at businesses the Council wishes to prioritise for funding and the time it will take to be able to make payments to businesses that need help to stay afloat.

- 5.2 With a fixed minimum funding allocation of £1.41M, it would only be possible to pay out 141 grants of £10,000 or 56 grants of £25,000. With such a low number of potential recipients it is considered that the most appropriate option is to seek applications from businesses and set priorities for payment within the boundaries of the final scheme.

6 Risk Management

- 6.1 An evaluation of the risks indicate that the existing controls in place mean that no significant risks have been identified at this time.

7 Resource Implications

- 7.1 The national budget for this grant scheme is £617M. This is based on 5% of the £12.3Bn that was allocated to the business support grants.
- 7.2 The Council received confirmation on 20 May 2020 that its fixed minimum allocation will be £1,411,250. This was based on 5% of the estimated maximum expenditure on business support grants (£28.195M) as at 4 May 2020.
- 7.3 The grant scheme will be designed so that payments are contained within the final allocation from government. This being the case, there will be no resource requirements other than staff time.

8 Legal Implications

- 8.1 Under normal circumstances, a final policy would be attached and recommended for approval.
- 8.2 However, given the lateness of the release of government guidance and the urgency with which this funding is needed to support local businesses, it is considered preferable that delegated authority be given to the Head of Revenues, in consultation with the Leader, Finance Portfolio Holder, Economic Development Portfolio Holder, Head of Legal & Democratic Services and Head of Finance, to prepare the final policy in readiness for introduction as soon as possible.

9 Equality Issues

- 9.1 There are no equality issues arising from this report.

10 Conclusion and reasons for recommendation

- 10.1 The government has introduced a new discretionary grants scheme that will be delivered by local authorities. This will require the development of a local scheme to establish which businesses should receive support and the amount of that support.

- 10.2 It is recommended that the Head of Revenues is given authority to formulate and implement a local scheme in consultation with the Leader, Finance / Economic Portfolio Holders and the Heads of Finance / Legal & Democratic Services.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
Grant Funding Schemes Local Authority Discretionary Grants Fund – guidance for local authorities.			
<u>Confidentiality</u>			
It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	1	File Ref:	N/A
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