

Report to: Leader of the Council

Date: 4 June 2020

Title: Local Authority Discretionary Grants Fund

Report of: Director of Service Delivery

Cabinet member: Councillor David Tutt

Ward(s): All

Purpose of report: To consider the proposed Discretionary Business Grants for those businesses adversely affected by the Covid 19 pandemic

Decision type: Non key decision

Officer recommendation(s): (1) The Leader of the Council Approves the Local Authority Discretionary Grants Fund Policy as set out in Appendix 1

(2) Grant the Director of Service Delivery delegated authority, to implement, and if necessary, amend the Discretionary Grants Fund Policy (in consultation with the Leader), such delegated authority to include any measures necessary for or incidental to its management and administration

Reasons for recommendations: Cabinet approval is required for the Discretionary Grants Policy which will be used for the purposes of administering the scheme

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1 Introduction

- 1.1 On 1st May 2020 The Government announced additional funding to target small businesses with high fixed property-related costs that weren't eligible for the first round of Covid 19 business grants.
- 1.2 The funding is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund, and that have ongoing fixed property-related costs (for example, rent, service charges, mortgage costs and utilities).

1.3 It is essential that the Council develops a robust discretionary scheme which will adequately deal with Central Government priorities whilst at the same time working within budget and maximising support for businesses

2 Proposed scheme

2.1 The Government has set out the types of businesses that local authorities should support with the funding in its guidance:

- A. **businesses in shared offices or other flexible workspaces**, for example, units in industrial parks, science parks and incubators which do not have their own business rates assessment but occupy a space that was part of a larger business rates assessment on 11th March 2020;
- B. **regular market traders** with fixed costs such as rent who do not have their own business rates assessment;
- C. **bed and breakfast businesses** that pay council tax rather than business rates; and
- D. **small charity properties** in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief

2.2 Government has also stated that the funding is also primarily and predominantly aimed at:

- small and micro-businesses, as defined in section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006. This means they will have:
 - a turnover of not more than £10.2 million;
 - a balance sheet total of not more than £5.1 million; and
 - have under 50 employees
- where a business is part of a national multiple or chain, the applicant must be able to prove that the local branch is a franchise and is not in receipt of financial support from the national business
- 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

2.3 Central Government are setting some national criteria for the funds which must apply to all grants made from this fund. These grants can only go to:

- Businesses with ongoing fixed building related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the pandemic
- Business with fewer than 50 employees
- The scale of impact of the Covid-19 losses
- Whether the business has had to close completely
- Whether the business is able to trade online
- Businesses that were trading on 11th March 2020

- 2.4 Businesses that are eligible for the following COVID-19 grant schemes are ineligible:
- Small Business Grant Fund
 - Retail, Hospitality and Leisure Grant
 - The Fisheries Response Fund
 - Domestic Seafood Supply Scheme (DSSS)
 - The Zoos Support Fund
 - The Dairy Hardship Fund
- 2.5 There are 3 levels of grant payments:
- £25,000
 - £10,000
 - Any amount up to £10,000 (It will be for Council's to adapt this approach to local circumstances)
- 2.6 The East Sussex District and Borough Councils have agreed to adopt a joint framework that will first and foremost prioritise the business types the Government would like Local Authorities to support. These are the sectors that were not eligible for the Small Business Grant Fund or the Retail, Hospitality and Leisure Grant Fund and have been most impacted nationally.
- 2.7 The guidance allows Local Authorities to make grant payments to other businesses not referred to in the Government guidance, based on local economic need and those businesses will also be considered after the sector priorities set out in paragraph 2.1.
- 2.8 A joint countywide scheme with the flexibility to consider grants based on local needs will ensure that businesses can expect a consistent and balanced approach.
- 2.9 Unlike the Small Business Grant Fund or Retail, Hospitality and Leisure Grant Fund where eligible businesses were known as there was a Business Rates Liability record held, many potential beneficiaries of the Discretionary Grant will not be known because they will be operating in shared or flexible workspaces which don't attract a rateable value.
- 2.10 It will therefore be necessary to operate an application 'window' of three weeks starting on 29th May which will allow the Council to:
- Provide as many businesses as possible with a grant within the extremely limited amount of budget that has been allocated
 - Determine how to use its discretion in relation to the appropriate level of grant
 - Undertake proportionate prepayment checks to confirm eligibility relative to the scheme; and
 - Receive sufficient evidence to determine eligibility and enable basic initial fraud prevention checks

- 2.11 Applications will be made online through the Council's Grant Portal to enable efficient processing and reduce the risk of fraud by automatically checking and validating the claim against the database of businesses who have been paid the Small Business and Retail, Leisure and Hospitality Grants.
- 2.12 Eligible businesses will start to receive grant payments when the application 'window' closes on 19th June 2020 and the appropriate level of grants has been determined.

3 Financial implications

- 3.1 A 5% uplift of funding already provided for the Small Business Grants and Retail fund has been allocated which is £1,120,750 for Eastbourne Borough Council.
- 3.2 Whilst the guidance allows Local Authorities to pay grants based on local conditions and sector types, it should be noted that further expansion upon the priority types of businesses set out by government will increase the number of businesses that are eligible for the grant and exhaust the total amount of grant available sooner.

4 Consultation

- 4.1 This additional funding has been made available by Government as an emergency measure to support businesses which did not meet the qualification criteria set out in the Government's earlier business grants scheme. Time does not permit business consultation as awards need to be made urgently, but awards will be made in accordance with existing and future government guidance and the delegation sought permits the scheme to be adjusted if that is found to be necessary or desirable.

5 Legal Implications

- 5.1 This is a new scheme which needs to be implemented as a matter of urgency and so executive approval for the scheme is being sought from the Leader. The Leader is being asked to authorise the Director of Service Delivery to implement and administer the scheme as there is no existing officer delegation in place. The Director of Service Delivery and the Chief Finance Officer have previously been given delegated powers to administer similar schemes such as determining entitlement to rate relief and determining applications for housing, council tax and similar benefits.
- 5.2 Any award of grants shall comply with EU law on State Aid on the basis that the claimant shall not receive more than €800,000 in total of De Minimis aid within the current financial year (or previous two financial years) as defined in the De Minimis Regulations 1407/2013 (as published in the Official Journal of the European Union L352 24.12.2013)

6 Risk management implications

- 6.1 There is a risk that, without a scheme in place before 1st June 2020, the Council would be unable to pay grants to eligible businesses in a timely manner which could result in further financial hardship or at worst bankruptcy. Failure to distribute the support to businesses in June could cause reputational damage to the council.
- 6.2 By operating an application window of three weeks the approach will mitigate the significant risk of overspend given the limited pot of money that has been made available by Central Government.
- 6.3 Unlike the Small Business and Retail, Leisure and Hospitality Grants schemes, each application will need to be manually checked and validated which could become resource intense. At this stage it is not possible to determine the volume of applications likely to be submitted once the application window opens. Three Specialist Advisors will initially be allocated to process claims, however if this proves to be insufficient additional staff with non-urgent work activities with suitable skills will be drafted in to support.

7 Equality analysis

- 7.1 None has been undertaken for the reasons set out above ie this is an emergency grant award. However, payments will be made in accordance with government guidance and consistency of approach is being secured through the adoption of a countywide scheme.
- 7.2 It is our view that the policy is robust and shows no potential for discrimination.

8 Conclusions

- 8.1 The impact of Covid-19 is global and remains unquantified as business struggles to control the economic turbulence since early March and as the lockdown measures are gradually lifted over the course of this year.
- 8.2 In these unprecedented times the Government expects local authorities to have in place arrangements to administer and pay grants to businesses as quickly as possible in June.

9 Appendices

- Appendix 1 – Discretionary Business Grant Scheme

10 Background papers

The background papers used in compiling this report were as follows:

- [Guidance on Business Support Grant Funding](#)