

# LEADER

31 JULY 2020

## REPORT OF CHIEF EXECUTIVE

### A.1 REVISED DISCRETIONARY BUSINESS GRANTS SCHEME (PHASE 3)

(Report prepared by Richard Barrett)

#### PART 1 – KEY INFORMATION

##### **PURPOSE OF THE REPORT**

To set out a revised discretionary business grant scheme for approval.

##### **EXECUTIVE SUMMARY**

- A Discretionary Business Grant Scheme was announced by the Government in May, supported by the publication of further guidance thereafter.
- The new scheme was established by the Government to respond to the issues faced by many businesses who were not able to access support from the existing small business / rural rate relief scheme or the retail, hospitality and leisure grant scheme (RHL Scheme).
- Although the guidance provided for local discretion, the Government did set out national criteria that had to be reflected in the scheme along with the following four priority business sectors:
  - 1) Businesses who occupy shared / flexible spaces and are not the ratepayer themselves.
  - 2) Market Traders
  - 3) Charities
  - 4) B&B's
- The Government provided the Council with **£1.7m** to fund the scheme.
- The Leader agreed a local Discretionary Business Grants scheme on 1 June 2020 reflecting the key criteria set out by the Government.
- The Council has operated two phases of the scheme to date, with the second having a more targeted approach to the four key types of businesses prioritised by the Government as highlighted above. Unfortunately to date the scheme has been undersubscribed by those that may be eligible for support.
- The Government have recently set a deadline of 28 August 2020, by which time all business grant schemes (including the discretionary one) must be brought to a close.
- This report therefore sets out revisions to the existing policy to enable a third phase to be introduced, which is proposed to be aimed at supporting key sectors of the local economy that may not have had access to funding under any of the previous grant schemes.
- Phase three of the scheme still remains open to the four national priority business types but now also prioritises support to key supply chain businesses, many of which support the RHL sectors and so would have been hit as equally as hard.

- For the key supply chain businesses (e.g. manufacturing and wholesalers), it is also proposed to set the grant levels to mirror those from the Government's earlier schemes, with £10k and £25k grants on offer subject to the rateable value of the business property that they occupy.
- The scheme will remain based on an application process with a deadline of 19 August 2020. This will allow time to process each claim, pay money out to those eligible but also provide enough time to reflect on the success of phase 3 of the scheme and to determine if any further changes are required to ensure all of the available funding is spent by the Government imposed deadline of 28 August 2020.
- The recommendations below also seeks a delegation to the Chief Executive to implement the scheme amend the policy in line with any emerging Government guidance.

### **RECOMMENDATION(S)**

- a) That the Leader approves the revised policy as set out as attached.**
- b) That the Leader delegate's authority to the Chief Executive to implement and administer the revised scheme and amend the policy in line with any emerging Government guidance.**

## **PART 2 – IMPLICATIONS OF THE DECISION**

### **DELIVERING PRIORITIES**

This forms an important element of the back to business initiative.

### **FINANCE, OTHER RESOURCES AND RISK**

#### **Finance and other resources**

The Government has provided the Council with a grant fund of approximately **£1.7m**. To date **£59k** has been paid out leaving a balance of just over **£1.6m** still available for distributing to local businesses. The proposed revisions to the existing scheme are based on ensuring that the overall cost can still be accommodated within this overall amount, with no net financial impact on the Council.

There will be some advertising costs associated with the scheme, which will be met from either wider Government COVID 19 support payments or from within existing budgets.

#### **Risk**

Risks in administering the scheme have been set out in the policy and include complaints / appeals and the risk of fraud error.

### **LEGAL**

Section 1 of the Localism Act 2011, provides all local authorities with the power to make these payments and is expressly referred to in the grant determination / guidance issued by the Government.

### **OTHER IMPLICATIONS**

**Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.**

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no direct implications, with the various phases of the scheme providing the opportunity to various businesses / organisations across the district to access financial support

### **PART 3 – SUPPORTING INFORMATION**

#### **PROPOSED PHASE 3 OF THE DISCRETIONARY BUSINESS GRANT SCHEME**

The Government announced in early May a further business grant scheme to respond to those business that were not eligible for financial support under the existing small business / rural rate relief and retail, hospitality and leisure schemes (RHL Scheme)

The Government provided the Council with a sum of approximately **£1.7m**, which represents 5% of the original (adjusted) allocation for the existing schemes.

Whilst wanting Council's to exercise their local knowledge and discretion, the Government set out national criteria for use of this funding.

On 1 June 2020, the Leader agreed a Discretionary Business Grants Policy which was based around supporting the four national priority areas highlighted by the Government along with a much broader category giving access to potential grant funding to all businesses in the District.

The closing date for this first 'phase' of the scheme was 14 June 2020. Unfortunately it was undersubscribed by businesses who may have met the qualifying criteria, with those that did apply not being able to demonstrate that they had significant and on-going fixed property costs, which was one of the key criteria set by the Government. This was despite promoting the scheme through as many communication channels as possible.

Set against the above, small technical changes were made to the scheme under delegated powers agreed as part for the initial report to enable a more focused approach targeted at the four key priority areas set out by the Government.

This second phase of the scheme is due to end on 3 August, but to date it is not expected that a significant level of grants will be awarded, primarily due to the difficulty in businesses demonstrating that they incur significant and on-going fixed property costs as set out by the Government.

Therefore it will be necessary to introduce a third phase of the discretionary business grants scheme to ensure that the money made available to the Council is fully allocated to support businesses within the district rather than it being returned to the Government.

In various conversations with businesses over the last four months as part of administering the Government's Small Business Rate and RHL Schemes, one key area of the local economy has been restricted in its access to financial support. This area is the important local supply chain with many likely to be directly supporting the RHL sectors and therefore have been as equally impacted by the COVID 19 'lockdown' period but have not been supported by the Government's earlier schemes.

This sector includes key manufacturing and wholesaler sectors which make up a key part of the economy. Although they may have been eligible under the existing Discretionary Grant scheme, the level of grants was restricted to £2k as they were not one of the Government's prioritised

business sectors. Therefore it is proposed to introduce revised criteria along with increasing the level of grants available that largely mirror the Governments' original RHL scheme.

The revised policy is attached that includes this sector as a 'local priority business' for the purpose of administering the scheme with grant levels being £10k or £25k based on the rateable value of the property they occupy. The Government have announced a deadline of 28 August 2020 by which time all business grant schemes must be brought to close. It is hoped that these latest revisions will help the Council support this important part of the economy through the on-going crisis and remain as suppliers that RHL businesses in the district will continue to use in the future, rather than potentially having to use alternative suppliers outside of the district if they were unable to survive this difficult period.

In all cases, the Council will only consider businesses for a Discretionary Business Grant where all of the criteria are met, as set out in the attached policy.

The funding level is finite and therefore, although keen to ensure that grants are given to the maximum number of businesses, the overall cost of the scheme needs to be accommodated within the overall amount of Government funding. In order to fairly administer the scheme, the proposed approach is to hold an application 'window' between 3 August and 19 August 2020. The alternative would be to operate the scheme on a 'first come first served' basis but this may limit the number of business that can be supported.

As with the existing scheme, any business wishing to claim will be asked to complete a form on the Council's website and once the application window period is closed, all awards will be considered against the criteria set out within the policy. The Council will be promoting the scheme through as many communication channels as possible.

Although Officers will be implementing and administering the scheme once the policy is approved, a recommendation is included to provide a delegation to the Chief Executive to make changes to reflect any further guidance that may emerge from the Government.

<b>BACKGROUND PAPERS FOR THE DECISION</b>
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None
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<b>APPENDICES</b>
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<b>Attached</b> – Proposed Discretionary Business Grants Scheme 2020/21 – Phase 3
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