

East Herts Council Report

Executive

Date of Meeting: 2 June 2020

Report by: Geoff Williamson. Executive Member for Financial sustainability

Report title: Noting the decision of the Chief Executive to approve a scheme for the Local Authority Discretionary Grant Fund under urgency provisions

Ward(s) affected: All

Summary

- To note a decision taken by the Chief Executive, in consultation with the Leader, on 26 May 2020 to approve the Local Authority Discretionary Grant funding scheme under the urgency provisions contained at Part 3C paragraph 9.2(g) of the Constitution

RECOMMENDATIONS FOR EXECUTIVE:

- (a) That the decision to approve the scheme, taken by the Chief Executive in consultation with the Leader, is noted.
- (b) That delegated authority is granted to the Head of Revenues & Benefit Service, in consultation with the Executive Member for Financial Sustainability, to revise the scheme if all the available funds are not allocated under the proposed scheme criteria.

1.0 Proposal(s)

- 1.1 In accordance with the Government's response to Covid – 19 supports for Business, the local authority is required to determine a scheme to allocate the funding made available under the discretionary grant fund.

2.0 Background

- 2.1 In response to the Coronavirus, the Government announced

support for small business, and business in the retail, hospitality and leisure sectors, delivered through the Small Business Grant fund and the Retail, Leisure and Hospitality Grant fund. These schemes were specified by Government.

- 2.2 They subsequently announced that additional funding would be given to Local Authorities to support small businesses that were not eligible for the Small Business Grant Fund, or the Retail, Leisure and Hospitality Fund. This scheme contains some discretion which local authorities can determine.
- 2.3 This report is to note the decision taken by the Chief Executive to approve the scheme under the urgency provisions contained at Part 3C paragraph 9.2 (g) of the constitution.
- 2.4 Part 3C Paragraph 9.2(g) states:

in cases of urgency [the Chief Executive can] take any decision which could be taken by the Council, the Executive or a Committee in consultation with the Leader, provided that any such decision shall be reported to the next meeting of the Executive, appropriate Committee or Council

3.0 Reasons

- 3.1 The government has announced a Discretionary Business Grant Fund to be targeted at small businesses that have high fixed property related costs but are not eligible for the current Small Business Grant Fund or Extended Retail Relief Grant Fund.
- 3.2 East Herts District Council has been awarded £1.57m to distribute to eligible businesses. The government has set some national criteria which the Council must follow in terms of which businesses it can support but has been given limited discretion to determine which businesses to support within those criteria. In determining this policy, the Council has sought to balance the amount of overall money it has received to distribute, with the number of businesses it can support. For the avoidance of doubt, the council does not have the discretion to assist businesses that fall outside the national criteria.

3.3 National Criteria

The government has set the following criteria that a business must meet in order to be eligible to apply (not necessarily be granted) for the Discretionary Business Grant Fund:

- Must be a Small or Micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006
- 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 (where a rateable value exists this will be the figure used).
- The business must have been trading on the 11th March 2020.
- The business must not have been eligible or received a grant from the existing grant scheme or other support schemes

3.4 Under the Companies Act 2006, a **Small business** must satisfy two or more of the following requirements in a year:

- Turnover: Not more than £10.2 million
- Balance sheet total: Not more than £5.1 million
- Number of employees: a staff headcount of less than 50.

3.5 Under the Companies Act 2006, a Micro business must satisfy two or more of the following requirements:

- Turnover: Not more than £632,000;
- Balance sheet total: Not more than £316,000;
- Number of employees: a staff headcount of not more than 10

3.6 The government criteria can be seen in full here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf

3.7 Eligibility: This grant funding is for businesses that are not eligible for other support schemes. Businesses which are eligible for grants from any central government COVID-related scheme are ineligible for funding from the Discretionary Business Grants Fund. Such grant schemes include but are not limited to:

- 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.

3.8. Businesses who have applied for the Coronavirus Job Retention Scheme **are** eligible to apply for this scheme.

3.9. Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

3.10 Priority Businesses

In addition to the national criteria above the government has also asked us to prioritise the following types of business.

- 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;
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief, and are not eligible for a grant through the Expanded Retail Discount Relief scheme.

3.11. Government has made it clear that this list is not exhaustive but is intended to guide local authorities and that the Council has the discretion to issue grants to businesses not covered by the above

list but that we **do not** have discretion to help businesses that don't meet all of the national criteria.

3.12 Guiding Principles

It is recognised by Government that each local authority area will have its own specific economic make up and that need will be different in each area. The council anticipates that the demand for the discretionary grants will be greater than the amount of money we have received from government and as such it is important that we clearly set out the principals that will guide the council in determining which businesses it is able to help and which it will not.

3.13. The goal is to try and support as many businesses as possible with the money received from government while keeping the individual grant amounts high enough that they will provide meaningful support to those businesses.

3.14. In addition to the criteria set out by government above, the council recognises through its experience in administering the current grants scheme and through its knowledge of the local economy that certain business types that are particularly prevalent have not been eligible for support under the existing grant schemes. As such the discretionary scheme should enable these to be included under the core definitions. These are as follows:

- Small **manufacturing** businesses with an RV of £51,000 or below and not eligible for Small Business Rate Relief or Expanded Retail Discount Relief.
- Local wholesalers and **supply chain/services** businesses whereby the majority of their business relates to the hospitality or leisure sector, with a Rateable Value of under £51,000.

3.15 The government permit us to award grants of £25,000, £10,000 or any amount less than £10,000. To try and support more businesses across the district, East Herts Council has capped grants up to £10,000. It is anticipated that most grants will be for less than £10,000 due to the numbers likely to apply.

3.16 The following are areas which are proposed to localise the scheme.

- (i) That the grants are one per business and not per property.

- (ii) That B & B businesses must have professional B & B building insurance and be registered with the Council. This will exclude Airbnb or other informal arrangements.
- (iii) How much a business receives will depend on their specific circumstances. The main factor considered in the determination of the grant payable will be ongoing property related costs, and numbers of employees. A proposed weighting of 75% for fixed costs and 25% for employed staff is included to enable differentials to be made between applicants
- (iv) Applicants are also invited to provide 500 words of additional information to support their application to ensure that they can express any particular challenge or contribution to the community.
- (v) The Governments original grant schemes excluded the following types of business, and it is proposed to continue with this exclusion;
 - Financial services (e.g. banks, building societies, cash points, bureaux de change, short- term loan providers)
 - Professional services (e.g., solicitors, accountants, insurance agents/financial advisers)
 - Post office sorting offices
- (vi) The Governments original grant schemes excluded the following types of business, and it is proposed to allow these businesses, if they meet all other criteria to apply.
 - Medical services (e.g. Vets, dentists, doctors, osteopaths, chiropractors)

3.17 Application process

It is not possible for the Council to quantify how many businesses in our area will potentially meet the criteria set out in the report. The reason for this is that the council does not hold enough data on how many businesses may fall into these categories. Consequently rather than a first come first served basis, which may lead to some businesses with greater need missing out on a grant because the money allocated by government becomes fully committed, the proposed scheme provides a window of 14 days for applications to be received as it is important that the money is allocated on the basis of need rather than to those quickest to make an application.

- 3.18 Once the 14 day window has expired the Council will review the applications against the criteria set out above. If after granting to all eligible business funding remains, a review of the criteria will be made.
- 3.19 It is proposed that any review of the criteria needed to be undertaken is carried out by the Head of Service for Revenues & Benefits in conjunction with the Executive Member for Financial sustainability
- 3.20 As this is a discretionary scheme there is no right to appeal and the decision of the Council is final. However it is proposed to offer a review of a decision to reject an application to be considered by two Heads of service outside of the Revenues service
- 3.21 This scheme is not intended to cover all businesses that have not been included in the initial government grant scheme. There are other avenues of support that businesses have available through the other government schemes.
- 3.22 The Council has created an online form for applications; this is the only mechanism through which the Council will accept applications.
- 3.23 Once the 14 day window has closed, the Council will seek to reach a decision within 10 working days.

4.0 Options

- 4.1 The draft scheme was discussed informally with Executive members on 19 May 2020 to identify any alternatives to the proposal, and there were none identified.
- 4.2 Various alternatives could be explored but the time delay incurred is considered detrimental to the objective of giving financial support to businesses in need. Consequently very little variation from the Governments core scheme is proposed.

5.0 Risks

- 5.1 Having determined the scheme as above, and acknowledged that not all businesses can be supported, some businesses will feel

aggrieved,

- 5.2 Whilst the scheme cannot be appeal against as it is discretionary, a judicial review can be requested if the process agreed is not applied correctly.

6.0 Implications/Consultations

6.1

Community Safety

No

Data Protection

No

Equalities

No

Environmental Sustainability

No

Financial

Finance had been consulted and fully support the proposal.

Health and Safety

No

Human Resources

No

Human Rights

No

Legal

No

Specific Wards

No

7.0 Background papers, appendices and other relevant material

- 7.1 Grant funding Scheme – guidance from the Department for Business, Energy & Industrial Strategy
- 7.2 Appendix A – East Herts Discretionary Business Grant Policy
- 7.3 Appendix B – decision record of decision taken by Chief Executive in consultation with the Leader, dated 26 May 2020.

Contact Member

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