

East Herts Council Report

Executive

Date of Meeting: 5 January 2021

Report by: Geoff Williamson. Deputy Leader and 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 on 1st December 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 is noted.**
- (b) **That delegated authority is granted to the Head of Revenues & Benefit service in consultation with the Deputy Leader and Executive Member for Financial Sustainability to revise the scheme where appropriate.**

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. Government refer to this round of discretionary grants as **Additional Restrictions Grant (ARG)**

2.0 Background

- 2.1 In response to the most recent national lockdown (5th Nov - 2nd Dec 2020) the Government announced support for businesses liable for business rates that are mandated to close. That scheme is specified by Government.
- 2.2 They also announced additional funding for a discretionary scheme. This is a single allocation based on £20 per head of population for each local authority to use to run a discretionary grants scheme from Thursday 5th November. It is intended for awards covering the period from 5 November 2020 to 31 March 2022. No further funding beyond the initial allocation should be expected.

The amount available is: **£ 2,994,960**

- 2.3 The Government expect this funding to be primarily used for discretionary grants. They wish to encourage local authorities to help those businesses which whilst not being mandatorily closed, are severely impacted. An example might be that they are suppliers to businesses which have been mandatorily closed.
- 2.4 Local Authorities are free to provide support to businesses in the area that are not liable for business rates, and it is suggested that consideration be given to fixed costs, employees, the ability to trade online and the scale of loss they will suffer from this lock down, or subsequent local restrictions. It is also possible to top up a mandatory grant.
- 2.5 The amount of grant and frequency (if a repeat award is considered appropriate) is to be determined locally.
- 2.6 Business must also meet the core criteria, in that they were trading on the 4th November 2020, have not

exceeded state aid levels, and are not be in administration, insolvency or have a striking off notice.

2.7 The Government however has stated that funding can be used for wider business support projects and initiatives. It is for the local authority to determine if they wish to use part of the funding for other business support activities and if so how much to make available. It is however expected that the funding will mainly be used for grants.

2.8 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.

2.9 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 unless there is a need for confidentiality, in which case the reporting of the decision may be deferred until the need for confidentiality

3.0 Reasons

3.1 The Government has announced a Discretionary Business Grant Fund to enable local authorities to support businesses severely affected by the national lockdown and any subsequent restrictions and recovery to 31st March 2022.

3.2 East Herts District Council has been awarded **£2,994,960**. The government has set some qualifying criteria which the Council must follow, but has

discretion to determine which businesses to support, how much to award, and frequency of schemes. In determining this policy, the Council has sought to balance the amount of overall money it has received to distribute, and the period over which funding is intended to last.

3.3 The Government also allows for local authorities to use some of the funds to support other business support initiatives but still expects the majority of the funds to be made available in grants. It has been determined to provide £70,000 for projects led by our economic development team, and to ring fence up to £160k for projects led by the LEP subject to confirmation of the viability of their schemes.

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

- State aid limits must not have been exceeded
- The business must have been trading on the 4th November 2020
- The business must not be in administration, insolvency or have a striking off notice.

3.5 The government criteria can be seen in full here: <https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

3.6 It has been determined to have three tranches for grants, each covering a six month period. November 2020 – April 2021, May 2021 – October 2021, and

November 2021 – March 2022. There will be a one month window for application at the start of tranche two and three. Tranche one will have a one month window starting at its launch.

- 3.7 In determining the local scheme criteria for the first tranche, consideration has been given to those businesses which were excluded from previous grant schemes, including for example those in the supply chain or manufacturing for businesses which have been required to close.
- 3.8 It is intended to review the qualifying categories and grant levels for each tranche.
- 3.9 There are eight categories in the first tranche and the amount that can be awarded within each category is determined by the number of employees, fixed costs, proportion of trade lost in last two months, and ability to trade on the internet/click and collect and take away.
- 3.10 It has been determined to award a fixed amount to self-employed taxi drivers licensed in our area, and market traders who regularly (at least weekly) trade in our area, once they have demonstrated that their business has been severely impacted.
- 3.11 The table below details the categories and minimum and maximum grants. The actual grant awarded is determined by the number of employees; proportion of business lost, fixed costs and ability to trade on the internet/take away. Each applicant will have to specify how severely they have been impacted.

	Category	Lowest	Highest
1	1. Supplier or manufacturing to Retail, hospitality & leisure industry 2. Events businesses and suppliers or manufacturing there to	£ 5,400.00	£ 15,000.00
2	Charities (<i>not shops which are mandatorily closed</i>)	£ 400.00	£ 2,000.00
3	Other (businesses mandated to close, but without business rates) e.g.; Mobile hair dressers, Beauticians,	£ 200.00	£ 2,000.00
4	Other - business with or without business rates, not mandated to close but severely affected	£ 200.00	£ 1,000.00
5	Church halls which usually have a regular rental income - without business rates that have remained closed during lockdown (previously excluded)	£ 200.00	£ 1,000.00
6	Businesses with RV over 51k (<i>to top up mandatory scheme cases only</i>)	£ 5,400.00	£ 15,000.00
7	Taxi drivers (self-employed)	£ 500.00	£ 500.00
8	Market traders (without business rates - regularly trading in our area.)	£ 500.00	£ 500.00

3.11 The council anticipates that the demand for the discretionary grants may be greater than the amount of money we have received from government and accordingly the published levels of grant may be amended to reflect demand. The Head of Revenues & Benefits in consultation with the Deputy Leader and

Executive member for Financial sustainability will determine any revisions to the grant levels in each tranche.

3.12. 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.

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 one month 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 one month 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 Deputy Leader & 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 officers 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 one month 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 24th November 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 N/A

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

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