

Executive

Date of Meeting: 19 February 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 29 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 Support Grant (OPEN)**

2.0 Background

- 2.1 In response to the ending of the national lockdown (5th Nov- 2nd Dec 2020) the Government announced support for businesses liable for business rates that are mandated to closed in tier 2 and above. That scheme is specified by Government and called the

Local restrictions support grant (CLOSED).

- 2.2 They also announced additional funding for a discretionary scheme. This is called the **Local restrictions support grant (OPEN)**, and is intended to support those businesses that whilst not mandated to close are significantly impacted by the restrictions in tiers 2 and 3. Funding is provided for 14 day cycles of payment for the duration that an area remains in either Tier 2 or 3.
- 2.3 The initial payment, received on account is for £377,572, covering the period 2.12.2020 to 18.12.2020.
- 2.4 This report seeks approval of this OPEN scheme
- 2.5 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.
- 2.6 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 restrictions in place in either tier 2 or above.
- 3.2 East Herts has been awarded **£337,572** but further funding will be received for each period of 14 days that we remain in tier 2 or above. The government has set some qualifying criteria which the Council must follow, and has indicated both the priority businesses to receive funding and indicative funding levels. However there is discretion to determine which businesses to support, and how much to award, 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 expects all of this funding to be used for discretionary grants. Local Authorities have the freedom to determine the precise additional eligibility criteria for these grants. However, Government expects the funding to be targeted at **hospitality, hotel, bed & breakfast and leisure businesses**. Government expects Local Authorities to consider how the Local Restrictions Support Grant (Open) funding can help kickstart recovery by supporting sustainable businesses that have not been legally required to close but which are severely impacted by Tier 2 or 3 restrictions.

3.4 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 suffer as a result of the restrictions.

3.5 Business must also meet the core criteria, in that they were trading on the day before restrictions came into place, have not exceeded state aid levels, and are not be in administration, insolvency or have a striking off notice.

3.6 The government criteria can be seen in full here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/942853/local-restrictions-support-grant-OPEN-dec2-2020-onwards-la-guidance.pdf

3.7 For Businesses with a liability for business rates the government suggests the following;

- Grants of up to £467 per 14-day period for businesses occupying hereditaments with a rateable value of exactly £15,000 or under on the date of the commencement of the local restrictions.
- Grants of up to £700 per 14-day period for businesses occupying hereditaments with a rateable value over £15,000 and less than £51,000 on the date of the commencement of the local restrictions.
- Grants of up to £1050 per 14-day period for businesses occupying

hereditaments with a rateable value of exactly £51,000 or above on the date of the commencement of the local restrictions.

3.8 However the proposed approach to this grant scheme is in two parts.

- **Firstly:** Those business-rated businesses which are explicitly identified in the schedule of Tier 2 & Tier 3 restrictions in the hospitality, hotel, bed & breakfast and leisure businesses will be awarded grants in line with the Governments proposed scheme – but at the maximum level. The Government says ‘up to’ but the proposal is to pay ‘at the top’, so those with RV of £15k or less will get £467.00 etc.
- **Secondly:** Those businesses either rated or not rated which can demonstrate that they have been **specifically indirectly impacted** by these restrictions will be considered for a grant in accordance with the second table below.

<i>Business with Business rates which are under specific restrictions.</i>	Max specified by Gov per 14 days	
Rv less than £15k	£ 467.00	
RV over £15k but less than £51k	£ 700.00	
RV of £51k and above	£ 1,050.00	
<i>Business with or without business rates that can demonstrate they are indirectly affected by restrictions in tier 2 or 3</i>	Lowest score	Highest score
Less than 100 employees	£ 50.00	£ 230.00
More than 100 employees	£ 100.00	£ 525.00

3.9 These would only be awarded where there is a direct correlation between the restrictions in place and their business activity. An example might be that the business provides catering for functions, which are now restricted in size to 50% of usual capacity.

3.10 The maximum value of these grants has been set at no more than 50% of the grants for directly impacted businesses.

- 3.11 If available funding is less than actual demand, the explicitly affected business rated businesses will take priority.
- 3.12 In determining the actual level of grant for indirectly affected businesses, consideration is given to the number of employees, income loss and Fixed costs and the ability to provide their business on the internet or through take away services.
- 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 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.
Applications will be determined as received
- 3.15 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 & Benefits service
- 3.16 The Council will create an online form for applications; this is the only mechanism through which the Council will accept applications.

4.0 Options

- 4.1 The draft scheme was discussed informally with Executive members on 22 December 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

Contact Member Geoffrey Williamson, Executive Member for Financial Sustainability

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