

Discretionary Grant Fund

Cabinet Member for Investment, Economic Growth and Tourism, Cllr Iain Eadie and
Cabinet Member for Customer Services and Innovation, Cllr Andy Smith



Date:	2nd June 2020
Agenda Item:	N/A
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Key Decision?	YES
Local Ward Members	All Wards

CABINET

1. Executive Summary

- 1.1 The government is providing financial support for small and micro businesses that were not eligible for assistance in the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund. The businesses that were eligible for support from these funds were those that paid business rates.
- 1.2 This additional support will be made via a Local Authority Discretionary Grant Fund.
- 1.3 Local Authorities (LA) have been given a fixed grant to distribute to eligible businesses under a local scheme.
- 1.4 Local Authorities must set out clear criteria for determining the appropriate level of grant, to give businesses clarity and support businesses that are unable to access other grant funding.

2. Recommendations

- 2.1 That Cabinet approve the Discretionary Grant Fund policy. Attached at appendix A.
- 2.2 Delegated authority is granted to the Cabinet Members for Investment, Economic Growth & Tourism and Customer Services and Innovation, and the Head of Customer Services, Revenues and Benefits to review and broaden the scope of the policy if appropriate.

3. Background

- 3.1 In response to the Coronavirus, COVID-19, the government announced there would be support for small businesses and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. The businesses that were eligible for support from this fund were those that paid business rates.
- 3.2 Government recognised that there were small businesses who would not satisfy the criteria for financial assistance in the above scheme and in response introduced an additional Local Authority Discretionary Grant Fund.
- 3.3 Local Authorities (LA) have been given a fixed grant to distribute to eligible businesses under a local scheme.
- 3.4 The Department for Business, Energy & Industrial Strategy (BEIS) have published guidance for local authorities to support the administration of the grants. Whilst this guidance contains some mandatory guidelines along with a list of types of businesses to prioritise, it is left to local authorities to use their local knowledge and discretion to support businesses via their grant scheme.
- 3.5 The grants are predominantly aimed at small and micro businesses with relatively high ongoing fixed property related costs, who have suffered a significant fall in income due to COVID 19.

- 3.6 Local authorities have been asked to publish a scheme providing clear guidance on which types of business are being prioritised and make payments in early June.
- 3.7 Unlike the previous schemes that were linked to business rates, the LA does not have knowledge of the numbers of businesses that may be eligible in each of the priority groups. However, using local knowledge and data held across the council it is estimated that a minimum of 90 businesses may qualify, but it is most likely that this estimate will be exceeded.
- 3.8 The policy sets out the criteria to provide financial assistance to eligible businesses in accordance with the guidance issued by BEIS.
- 3.9 Guidance allows grants of £25,000, £10,000 or any amount up to £10,000 to be paid to businesses that satisfy the criteria in the guidance. However, to assist as many businesses as possible within the funding provided, a grant of £5,000 will be made to eligible businesses.
- 3.10 Schemes published by other LAs in Staffordshire are broadly similar in design.
- 3.11 The funding will be paid on completion of an application form. An application will only be considered to be complete if all of the information requested, including any evidence, is supplied.
- 3.12 All complete applications will be dealt with in date order and the scheme ends when the funding has been exhausted.

Alternative Options	1. None. Government have stipulated that local authorities should set out the scope of their scheme providing clear guidance on which types of business are being prioritised.
Consultation	1. Views of leadership team have been taken into account.
Financial Implications	<ol style="list-style-type: none"> 1. A grant of £951,000 is available to distribute to eligible businesses. The grants will be funded through any underspend on the original grant funding and then from a top up by the government. 2. The grant calculation is based on 5% of the funding that was paid to businesses under the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund, as at 4th May 2020. 3. The funding will be increased as a small number of grants have been paid after that date.
Contribution to the Delivery of the Strategic Plan	1. The policy underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer focussed.
Equality, Diversity and Human Rights Implications	1. An Equality Impact Assessment has been carried out and does not impact on people with protected characteristics.
Crime & Safety Issues	1. There will be no crime and safety issues.
Environmental Impact	1. There will be no environmental impact.
GDPR/Privacy Impact Assessment	1. The need for a Privacy Impact Assessment has been checked and on is not required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Businesses who may be eligible may not apply	Many businesses who were not eligible for funding are already aware of this scheme but publicity will be undertaken	Green.
B	The funding may be exhausted and businesses may not have applied in time or submitted completed applications	Publicity will undertaken with clear instructions about how to claim	Yellow
C	The fixed grant may not be enough to cover the costs of individual businesses	Guidance makes it clear that the grant is for small and micros business with high property related costs; it is not intended to cover all the costs of the business. Publicity will include direction to other potential sources of funding	Yellow
D			
E			

Background documents

Guidance from the Department for Business, Energy & Industrial Strategy

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

Relevant web links

Discretionary Grant Fund
1 June 2020

Approved by:	Cabinet
Approval date:	4 June 2020
Author/owner:	Pat Leybourne
Review frequency:	
Next review date:	6 July 2020
Location:	

1. Introduction

1.1 In response to the Coronavirus, COVID-19, the government announced there would be support for small businesses and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. The businesses that were eligible for support from this fund were those that paid business rates.

1.2 Government recognised that there were small businesses who would not satisfy the criteria for financial assistance in the above scheme and in response have introduced an additional Local Authority Discretionary Grant Fund.

1.3 Local Authorities (LA) will be given a fixed grant to distribute to eligible businesses. The eligibility is based on guidance supplied by the Department for Business, Energy & Industrial Strategy (BEIS) and at the discretion of the LA.

1.4 The LA must set out clear criteria for determining the appropriate level of grant, to give businesses clarity and support businesses that are unable to access other grant funding.

1.5 The Grant Funding Scheme Local Authority Discretionary Grants Fund guidance is at:

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

1.6 This guidance sets out some mandatory criteria and priorities for LAs to follow.

2. Purpose of policy

This policy sets out the criteria to provide financial assistance to eligible businesses that fall within the scope of the policy and in accordance with the guidance issued by BEIS.

3. Scope of policy

3.1 The grants awarded will be predominantly aimed at:

- Small and micro businesses, as defined in paragraphs 20 to 22 of the guidance. Guidance also confirms that property related costs do not include property costs for an applicant's residence, therefore homeworkers are excluded from the grant.
- Businesses with relatively high ongoing fixed property-related costs.
- Businesses that can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis.
- Businesses that occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.

3.2 In addition to the above, local authorities are directed to exercise their local knowledge and discretion to reflect the local economic need but within the following criteria:

- Small businesses in shared offices or other flexible workspaces.
- Regular market traders with fixed building costs, such as rent.
- Bed & Breakfasts that pay Council Tax instead of business rates ('air BnB' businesses are excluded from applying for this grant).
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.

3.3 The following criteria must be satisfied to be eligible for a grant:

- Businesses must have been trading on 11 March 2020.
- Companies must not be in administration, insolvent or where a striking-off notice has been given.
- Businesses that are not eligible for assistance from other support schemes. 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

3.4 In addition to the above, any other grant or reserves that a business has may be taken into account for the assessment of the grant award.

4. How it relates to/underpins our strategic ambitions

The policy underpins our priority of developing prosperity encouraging economic growth and being a good council that is responsive and customer focussed.

5. Policy details

5.1 This scheme is designed to support businesses that are struggling to survive, especially where they have fixed commercial property costs and are unable to access other funding to cover these.

5.2 Grants of £5,000 will be awarded to eligible businesses from this fund.

5.3 Relatively high ongoing fixed property-related costs are locally defined as those costs that exceed 50% of the value of the overall costs of the business

5.4 A significant fall in income is locally defined as a loss of income of more than 20%.

5.5 The grant will be one grant per business and not per property.

5.6 An application form is required from the director or other authorised signatory for the business and should include evidence as requested.

5.7 The local authority will undertake proportionate pre-payment checks. In the first instance, businesses may be asked to supply details of their income pre and post 23 March and commercial property related costs.

5.8 Applicants that do not provide the evidence as requested with their application will not be eligible for payment.

5.9 The business must confirm that in accepting the grant payment they are in compliance with the state aid rules.

5.10 The application will be considered by delegated officers within the revenues team.

5.11 Payments will be made by BACS into an account used by the business.

5.12 The grant will not need to be repaid. However the government will not accept deliberate manipulation and fraud and any business caught falsifying their records to gain grant money will face prosecution and any funding issued will be subject to claw back, as may any grants paid in error.