

Meeting **BUSINESS AND REGENERATION CABINET MEMBER**
MEETING

Time/Day/Date Friday, 29 May 2020

Location Remote Meeting

Officer to contact Democratic Services (01530 454512)

AGENDA

Item	Pages
1 LOCAL AUTHORITY DISCRETIONARY GRANT FUND	3 - 16

This page is intentionally left blank

Title of Report	LOCAL AUTHORITY DISCRETIONARY GRANT FUND	
Background Papers	None.	Public Report: Yes
		Key Decision: Yes
Financial Implications	<p>The Council allocation for providing Local Authority Discretionary Grants to support local businesses is £992,500. This allocation has been paid to the Council from the Department of Business, Energy and Industrial.</p> <p>Under the proposed scheme outlined in this report, grant payments up to £10,000 will start to be paid to local businesses from week commencing 22 June 2020.</p> <p>The Council will receive additional support from government for administering the scheme in the form of New Burdens funding although this amount and the timing of funding is yet to be determined.</p>	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	<p>The proposed scheme is in line with the guidance issued by the Department of Business, Energy and Industrial and legal advice on this subject has been sought.</p>	
	Signed off by the Monitoring Officer: Yes	
Staffing and Corporate Implications	<p>Staffing resource is required to develop the scheme and the business application and assessment process and will be delivered through existing resources and redeployed staff.</p>	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To seek approval of the Councils Local Authority Discretionary grants Fund scheme.	
Reason for Decision	Approval is required to launch the scheme.	
Recommendations	<p>THE PORTFOLIO HOLDER:</p> <ol style="list-style-type: none"> 1. APPROVES THE LOCAL AUTHORITY DISCRETIONARY GRANT FUND SCHEME FOR NORTH WEST LEICESTERSHIRE AS OUTLINED IN THE REPORT 2. DELEGATES AUTHORITY TO VARY THE RESERVED FUNDING ALLOCATIONS FOR NATIONAL PRIORITY AND OTHER BUSINESSES AND LEVEL OF GRANT AWARD TO INDIVIDUAL BUSINESSES TO THE SECTION 151 OFFICER IN CONSULTATION WITH THE BUSINESS AND REGENERATION PORTFOLIO HOLDER 	

1.0 BACKGROUND

- 1.1 In response to 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 "Original Schemes"). At 26 May, the Council had paid out grants totalling £17.9m to 1,528 businesses, representing 90% of eligible businesses and 88% of the grant awarded.
- 1.2 On 1 May 2020, the Department of Business, Energy and Industrial Strategy (BEIS) announced a further grants funding scheme to support small businesses who were not eligible for the Original Schemes. This new, Local Authority Discretionary Grant Fund (LADGF) is to be administered by local authorities under Section 1 of the Localism Act 2011.
- 1.3 The value of the fund to be administered by councils is calculated as a maximum of 5% of the grant allocation for these Original Schemes and a minimum of 5% of the value of grants paid to businesses eligible at 4 May 2020, and will be funded through both the residual funding from the Original Schemes outlined in 1.1 and a top-up payment. North West Leicestershire District Council's scheme fund is £992,500. This amount could increase if the Council ends up identifying and paying more businesses who are eligible under the Original Schemes outlined in 1.1.
- 1.4 BEIS have committed to compensating local authorities for their efforts in administering all grant funding schemes outlined in 1.1 and also this new LADGF scheme through New Burdens funding although the likely value and timing of payment has not yet been shared.
- 1.5 The Section 151 Officer is responsible for administering all grant funding schemes and is mindful that the new LADGF scheme and associated communications may encourage applications from businesses who are eligible but yet to apply for funding under the Original Schemes. Where this is the case, such businesses will be paid under the relevant Original Scheme which will preserve the £992,500 allocated funding for businesses applying under the LADGF scheme.

2.0 LOCAL AUTHORITY DISCRETIONARY GRANTS FUND (LADGF)

Who is the grant funding for?

- 2.1 The LADGF scheme is predominantly aimed at:
 - Small and 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.
- 2.2 The government have asked that the following list of business types (referred to as 'National Priority Businesses') to be prioritised for grants.

National Priority Businesses

- 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; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate.

2.3 There are a number of exclusions including those who have already received a business grant through the Original Schemes and others who have received sector specific support.

2.4 The guidance issued by BEIS clearly sets out that councils can also exercise their discretion based on local economic need.

How much can businesses expect to receive?

2.5 The BEIS guidance allows for grants to be at either £25,000, £10,000 or between £1 - £9,999 and that in deciding on grant level the following may be considered:

- 1) Fixed costs;
- 2) Number of employees;
- 3) Whether business closed/forced to close or could trade online; and
- 4) Consequent scale of impact of Covid-19 losses.

2.6 Local authorities are asked to set out their scope on their website to make clear which businesses are being prioritised and the rationale for the level of grant to be provided.

2.7 However, a key issue in determining meaningful and impactful grant awards is that it is extremely difficult to assess demand of the National Priority Businesses or indeed local economic need since, due to the nature of many of these businesses, we are unlikely to have a direct relationship with them (for example, many of them will not be business rates payers).

2.8 It is therefore difficult to commit to definitive grant allocation levels.

How should Local Authorities approach designing their schemes?

2.9 Councils can exercise their discretion on determining who should receive grant payments and collaboration within Local Enterprise Partnership areas is encouraged by the BEIS guidance.

2.10 BEIS state in their guidance that they expect that grant payments will start to be made in early June 2020. However, guidance from BEIS on the scheme was not published until 13 May and the frequently asked questions (FAQs) on the scheme were only released on 27 May 2020.

3.0 PROPOSED NORTH WEST LEICESTERSHIRE LOCAL AUTHORITY DISCRETIONARY GRANTS FUND (LADGF)

Background to development proposed scheme

3.1 As a starting position in designing NWLDC’s scheme, the anticipated demand from the four national priority business areas was assessed. Although it is almost impossible to identify the actual number of businesses within each category, the following table details the number of businesses perceived to be in the district and where relevant, assumptions around how many may be eligible.

Category	Numbers we are aware of	Numbers we think will be eligible	Assumptions

Managed workspaces	310	310	
Market traders with regular fixed costs	23	23	
B&B's	19	19	
Charity Premises(with a RV under £15k)	13	6	A number of the 13 are the same charity and would only be eligible once, assumed some will breach state aid and therefore not apply.
Total	365	358	

- 3.2 This assessment demonstrates that even at a £10k grant payment, the Council would exceed the £992,500 threshold for grants (358 businesses awarded £10k each totals £3,580,000).
- 3.3 The assessment also demonstrates the limited scope for the Council to prioritise local economic need in the district.
- 3.4 Many of the ineligible businesses who contacted the Council regarding the Original Schemes were businesses in shared workspaces and, as such, are included as a priority business by BEIS. However, there are also further examples of businesses in the district who would not fall under a national priority business category but who would likely be able to demonstrate significant impact to their income due to the restrictions – these include: non-B&B businesses who aren't in business rateable premises and instead pay council tax; businesses in the retail, hospitality and leisure sector who pay business rates but who do not service members of the public directly and were therefore excluded under the Original Schemes and franchisee public houses landlords where the brewery pay the rates.
- 3.5 As there is a clear and demonstrable need for grants in North West Leicestershire from businesses who do not fall into one of the four categories of business that the government wishes us to prioritise, officers have considered it important to design a scheme which allows for some of the Council's grant funding allocation to be reserved to support those who have been most impacted by the pandemic restrictions.

Proposed Scheme

- 3.6 The proposed scheme policy at Appendix A has been developed in dialogue with other Leicestershire local authorities also responsible for administering grants schemes. However, full collaboration has not been taken forward due to the differing nature of local economic needs in each district and city area.
- 3.7 Under the proposed scheme for North West Leicestershire, the Council would reserve its £992,500 grant funding as follows:
- 70% (£694,750) for the national priority businesses at paragraph 3.2; and
 - 30% (£297,750) for other businesses.
- 3.8 It is proposed that the Council retains the right to vary this allocation based on demand and the results of the application process as necessary and that any such decision is taken by the Section 151 Officer in consultation with the Business and Regeneration Portfolio Holder.
- 3.9 Grant payment awards pursuant to LADGF scheme will be made to businesses upon assessment of their application alongside all applications, and with reference to the following:
- Compliance with the scheme eligibility requirements
 - Relatively high ongoing fixed property-related costs

- A significant fall in income due to the COVID-19 crisis
- Identification of the business and the person making the application
- Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc.

3.10 All applications will undergo verification and eligibility checks by Council staff to ensure that genuine grant payments are awarded only to those businesses who meet the eligibility criteria as set out in the policy at Appendix A. These checks are consistent with the processes undertaken on the original grants schemes but are enhanced in respect of the criteria around the impact of Covid-19. As per all grant schemes, post-payment assurance will be undertaken, utilising government designed software to confirm business details.

3.11 Due to the restricted value of the fund, actual grant payments will be awarded on a sliding scale up to a maximum level as set out below.

3.12 It is important to note however, that, subject to demand actual grant payments may not be at the level requested or value of fixed costs since 11 March 202, but rather a lower value, to ensure that as many businesses as possible can be supported. As such, this report seeks delegation for the Section 151 Officer, in consultation with the Business and Regeneration Portfolio Holder, to vary the level of grant award to individual businesses.

Indicative Sliding Scale of Grant Award Payments

- 80% or more lost income: Up to £10k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)
- 60% - 79.9% lost income: Up to £7.5k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)
- 40% - 59.9% lost income: Up to £5k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)

3.13 The online application process will open on 1 June 2020 and close on midnight 14 June 2020 and options exist for those unable to access the internet. Grant award payments are expected to start to be paid from week commencing 22 June 2020. Businesses will be able to apply by obtaining a hard copy form.

4.0 RESOURCES TO DELIVER THE SCHEME

4.1 The scheme will be delivered by internal, redeployed staff.

5.0 FINANCIAL IMPLICATIONS

5.1 As detailed in 1.4 above, BEIS have committed to compensating councils for their work to allocate grants through New Burdens funding and we currently await detail regarding this.

Policies and other considerations, as appropriate	
Council Priorities:	Support for businesses and helping people into local jobs
Policy Considerations:	None.
Safeguarding:	None.
Equalities/Diversity:	None.

Customer Impact:	Design of the scheme will ultimately affect the level of grant funding available to support local businesses during the pandemic.
Economic and Social Impact:	As above, the design of the scheme will effect the local economy.
Environment and Climate Change:	None.
Consultation/Community Engagement:	Leicestershire Treasurers Association Business and Regeneration Portfolio Holder Corporate Portfolio Holder Leader
Risks:	Should demand for the scheme be particularly high, there is a risk that some grant applications may need to be turned down in order for the scheme to be impactful.
Officer Contact	Tracy Bingham Head of Finance and S151 Officer Tracy.bingham@nwleicestershire.gov.uk 01530 454 707

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

DISCRETIONARY BUSINESS GRANTS FUND POLICY

NOTE: APPLICATIONS MUST BE MADE BY 14 JUNE 2020

1. Background to business grants

In response to the Coronavirus, on 11 March 2020 the Government announced 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 Council expects to have supported around 1,700 rate-paying businesses, charities and other organisations in North West Leicestershire from these funds. This original scheme remains open for any eligible ratepayers that have not yet claimed. The Council was not required to publish a local policy.

On 1 May 2020, the Government announced the **Local Authority Discretionary Grants Fund**, and on 13 May 2020 published guidance for local authorities. This discretionary grant fund is the subject of this local policy.

2. The Local Authority Discretionary Grants Fund

On 1 May 2020, the Government announced the Local Authority Discretionary Grants Fund.

<https://www.gov.uk/government/news/top-up-to-local-business-grant-funds-scheme>

On 13 May 2020, the Government published guidance for local authorities. This additional fund is aimed at small businesses and charities who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund.

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

The fund for the district is being managed by North West Leicestershire District Council, which is responsible for delivering grants to eligible businesses and charities. The Council must follow the guidance set by the Government. The Council has authority to make these payments under Section 1 of the Localism Act 2011.

Local authorities are required to set out the scope of their discretionary grant scheme on their website, providing clear guidance on which types of business are being prioritised, as well as the rationale for the level of grant to be provided (either £25,000, £10,000 or less than £10,000, as prescribed by the Government). This policy meets this requirement.

The Government intends that this grant scheme widens access to support to businesses who are struggling to survive due to the Coronavirus shutdown but are unable to access other grant funding. Local authorities are asked to make payments

as quickly as possible to support struggling businesses. Government anticipates that the first payments made under the scheme will be received by businesses by early June 2020. North West Leicestershire District Council will make every effort to start payments by mid-June 2020, the earliest date that now seems feasible.

Due to the very compressed timescales to meet the expectations of the Government and businesses, the Council has not been able to consult on the development of this policy. It has however taken full account of the requirements of Government (as set out in the second link above) and the issues and questions that have arisen locally and nationally through the delivery of the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund.

Potential applicants are asked to note that:

- The Government and the Council expects businesses to take advantage of other Government support schemes.
- Grants under this scheme will be subject to tax in line with the applicant's tax arrangements. For businesses, the Government advises this is only where there is an overall profit once this award is included.
- Grants awarded under this discretionary scheme will not generally affect the Council's business ratings list or any rates charges payable by the recipient.
- Notwithstanding this, any applicant who should be added to the rates list will be, which may result in a rates bill. This may also result in a grant being claimable from the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund, rather than this discretionary fund. Such grants are of fixed value of £10,000 or £25,000 and are likely to be higher than a discretionary grant.

3. Total funding available

The Government has set each council's funding allocation as 5% of the expected spending on the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund funding envelope.

North West Leicestershire District Council's allocation is £992,500. This can be adjusted upwards if the number of businesses supported under the Small Business and Retail, Leisure and Hospitality grant funds proves to be higher. It will not however be adjusted to reflect demand for the discretionary fund.

Where limits to funding available for this scheme require local authorities to prioritise which types of businesses will receive funding, the Government states it will be at the local authority's discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.

4. Who will benefit from the discretionary scheme?

As set out by the Government, these discretionary grants are primarily and predominantly aimed at:

- Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006. (*see definitions table at the end of the section*)
- 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.

4.1 National priorities

North West Leicestershire District Council will prioritise the following types of businesses for grants, as requested nationally by the Government:

- **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 individual business rates assessment and rates bill*;
- **Regular market traders with fixed building costs**, such as rent, *who do not have their own business rates assessment*. Note: North West Leicestershire District Council considers this to mean traders with fixed units (including café facilities) and traders in Coalville and Ashby Market with fixed spaces. The Council will take account of any potential grant support from councils in other areas where the trader may also operate. Note the discretionary fund does not cover any otherwise eligible traders who rent stalls by the day, who will not be supported from the discretionary fund, as there will be little or no on-going fixed property related costs.
- **Bed & Breakfasts which pay Council Tax** instead of business rates (rated premises being eligible under the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund). The Council does not wish to prioritise rooms and premises available through Airbnb and similar channels, and will not make a grant to these; and
- **Charity properties in receipt of charitable business rates relief** which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief

4.2 Local additional priorities

In addition, the Council perceives any local small or micro business who can demonstrate a significant impact to their income and high ongoing fixed costs to be a priority business.

Definitions – small and micro businesses

To be a **small business**, under the Companies Act 2006, a 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 headcount of staff of less than 50

To be a **micro business**, under the Companies Act 2006, a 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 headcount of staff of not more than 10

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

5. Who CANNOT benefit from the discretionary scheme?

This grant funding is for businesses that are **not eligible** for other support schemes.

Such grant / support schemes as prescribed by the Government include but are not limited to:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant
Both of these are still open for claims to the Council from eligible ratepayers
- The Fisheries Response Fund
- Domestic Seafood Supply Scheme
- The Zoos Support Fund
- The Dairy Hardship Fund
All of the above four are administered nationally and are expected to have minimal impact in North West Leicestershire.

The Government has also prescribed that:

- Businesses that were not trading on 11 March 2020 are not eligible for this scheme.
- Companies in administration, are insolvent or where a striking-off notice has been made are not eligible for funding.

- For the avoidance of doubt, businesses who have applied for the Coronavirus Job Retention Scheme may apply for this scheme.

6. Application process and timescale

The Government recognises that local authorities will need to run some form of application process as the potential beneficiaries are highly unlikely to be known directly by the local authorities. Also, the Council must manage the process in a fair and equitable manner within the funding available.

The Council invites applications via its website [\[link to be inserted when live\]](#).

Any applicant who is unable to apply via the website should email us at discretionarygrantfund@nwleicestershire.gov.uk or phone our customer services on 01530 45 45 45.

Applications can be made from Monday 1 June 2020 to midnight on Sunday 14 June 2020. **Potential applicants should assume that this window will not be extended**, although the Council reserves the right to do so.

The Council's website will set out the information required from applicants, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement. In essence, applicants will need to evidence all of:

- Compliance with the scheme eligibility requirements
The Council will undertake 3rd party checks to confirm this
- Relatively high ongoing fixed property-related costs
Applicants will be required to provide evidence of such costs e.g. proof of rent, business rates or mortgage payments and they must be less than £51,000.
- A significant fall in income due to the COVID-19 crisis
Applicants will need to demonstrate income reductions. We will not prescribe how businesses demonstrate this, but examples of evidence applicants could provide include: bank statements showing a fall in income over time (e.g. by sharing bank statements for the 3 months prior to 11 March 2020 and statements since 11 March 2020); documentation from businesses accountant or financial advisers; sales data; evidence of closure of the business; and any relevant analysis showing income reductions.
- Identification of the business and the person making the application
Applicants will be required to share relevant documentation confirming their identity and business e.g. copy of a utility bill or HMRC correspondence in connection with the business.
- Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc.

Applicants will need to provide their own bank account details or that of the business.

The Council will individually assess and validate applications as they are received and may request further information and validation. The pre-payment checks will include confirming eligibility and that by accepting payments the would-be recipients confirm they are in compliance with State Aid rules. The Council's website will require applicants to confirm acceptance of various compliance statements.

The Council will undertake written post payment assurance around compliance, in particular State Aid.

Once the application window has closed, the Council will conclude the assessment process, determine the successful applicants and the level of funding to be awarded. Payments will start as soon as possible. Further detail is given in section 7.

There will be no automatic right of appeal against a decision not to award a grant, or against the value of any grant. However, the Council may at its discretion reconsider any refusal or grant value if there is clear evidence that a significantly wrong decision may have been made. The only further recourse available to applicants is a challenge by way of a judicial review, which is the means by which the decisions of the Council under discretionary powers may be challenged and/or a complaint to The Local Government and Social Care Ombudsman.

7. How will the value of grants be calculated?

The Government expects that payments of under £10,000 may be appropriate in many cases. The Council's early view is that this is the most appropriate and will probably be necessary to remain within the available funding allocated.

The Government states that in taking decisions on the appropriate level of grant, local authorities may want to take into account the level of fixed costs faced by the business in question, the number of employees, whether businesses have had to close completely and are unable to trade online and the consequent scale of impact of COVID-19 losses.

The Council has considered this statement. Given a much longer application and assessment timescale, such an approach might be both desirable and feasible. However, given the absolute time imperative to start making grant payments, the Council has concluded that a much simpler approach is required.

As a guide, the available funding of £992,500 will be reserved:

- 70% (£694,750) for the national priorities at section 4.1
- 30% (£297,750) for the local priorities at section 4.2.

The Council reserves the right to vary these percentages in the light of the results of the application process.

Grants to each applicant will be determined as follows:

Indicative Sliding Scale of Grant Award Payments

- 80% or more lost income: Up to £10k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)
- 60% - 79.9% lost income: Up to £7.5k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)
- 40% - 59.9% lost income: Up to £5k grant, amount requested in application form or fixed costs incurred since 11 March 2020 awarded (whichever is lower or a lower amount should demand for the scheme be excessively high)

Eligibility decisions and the value of grants and the levels paid at the discretion of the Council's Section 151 Officer in consultation with the Business and Regeneration Portfolio Holder.

All grants are capped at the levels outlined above.

The Council reserves the right to award less to particular applicants if such an award would clearly be significantly out of keeping with the balance of costs and lost income; this is more likely if the overall fund comes under severe pressure and therefore greater focus of grant funding is required.

8. Managing the risk of fraud

The Council and the Government will not accept deliberate manipulation and fraud. Any business or person caught falsifying their records to gain a grant award will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.

The Government's grants management and counter fraud functions will provide local authorities with access to 'Spotlight', a digital assurance tool. This tool will also assist the Council with pre and post payments assurance, including identification of high-risk payments. There will also be joint working across councils and government departments in preventing fraud.

9. Policy review

This policy has been written in line with Government guidance. It will be subject to dynamic review as circumstances dictate and in line with future clarifications and changes that may be announced by the Government.