

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.
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