

Local Authority Discretionary Grants Fund

report for the Individual Cabinet Member Decision - 29 May 2020

Report Author	Chis Blundell, Head of Financial Services
Portfolio Holder	Cllr Rick Everitt, Leader of the Council
Status	For Decision
Classification:	Unrestricted
Key Decision	No

Executive Summary:

This report sets out proposals for how the council will use £1.66m funding from Government for the Discretionary Grant Scheme (DGS).

Recommendations:

1. To adopt the criteria and eligibility requirements for the Thanet COVID Discretionary Grant Scheme (DGS) as set out in this report;
2. To approve the allocation methodology for the award of the Thanet COVID Discretionary Grant Scheme (DGS);
3. Authority be delegated to the Head of Financial Services to authorise grant payments that meet the approved criteria;
4. Authority be delegated to the Deputy Chief Executive to hear and determine appeals from unsuccessful applicants, in line with the approved criteria.

CORPORATE IMPLICATIONS

Financial and Value for Money	<p>Funding for the scheme is from the Government's allocation of £1.66m for discretionary grants related to Covid-19. The scheme must be designed in such a way that the total sums paid out do not exceed this allocation.</p> <p>The cost of administering the scheme will be met from New Burdens funding provided by the Government..</p>
Legal	<p>In exercising a discretion, there must be clarity on who has the decision making authority, therefore, the decision makers are described in the recommendations. In exercising a discretion, the council can set its policies, or rules, provided that the decision-maker is prepared to consider each case on its merits and depart from the policies or rules in appropriate cases.</p>

Corporate	The proposals in this report allow for an element of local discretion in the allocation of Government funding, which is directed towards sectors which are recognised as important in corporate priorities.								
Equality Act 2010 & Public Sector Equality Duty	<p>Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.</p> <p>Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.</p> <table border="1"> <tr> <td colspan="2">Please indicate which aim is relevant to the report.</td> </tr> <tr> <td>Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,</td> <td></td> </tr> <tr> <td>Advance equality of opportunity between people who share a protected characteristic and people who do not share it</td> <td></td> </tr> <tr> <td>Foster good relations between people who share a protected characteristic and people who do not share it.</td> <td></td> </tr> </table>	Please indicate which aim is relevant to the report.		Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act,		Advance equality of opportunity between people who share a protected characteristic and people who do not share it		Foster good relations between people who share a protected characteristic and people who do not share it.	
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CORPORATE PRIORITIES (tick those relevant) ✓	
Growth	✓
Environment	
Communities	✓

1. Introduction and Background

1.1 In March 2020 the Government introduced a number of financial support measures for small business as a result of the economic impact of the COVID pandemic. This included providing the following business grants in the 2020-21 financial year:

1. **Small Business Grant (SBG)** – a £10,000 grant for businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) that were in the business rates system on 11 March 2020.
2. **Retail, Hospitality and Leisure Grant (RHLG)** – businesses in receipt of the Expanded Retail Discount on 11 March 2020 in properties with the following Rateable Value (RV) will be eligible for the following grants:
 - i. RV up to and including 15,000 received a grant of £10,000
 - ii. RV over 15,000 and less than 51,000 received a grant of £25,000

1.1. Local authorities were allocated the funding to administer these grants to businesses within their local authority areas on behalf of the government. Thanet District Council received £40.1m to distribute to businesses that the government estimated would

qualify for these grants. As of the week commencing 25 May 2020 some £29.5m has been paid, representing 87% of eligible grants.

- 1.2. In recognition that many small businesses have not qualified for these grants, the government announced an additional 5% funds to each local authority on 1st May 2020. This was to support some of the small businesses that did not qualify for the original scheme.
- 1.3. The Government has indicated that local authorities should use up the remainder of the allocation for the top-up scheme first and that where local authorities 'have or plan to spend all of the grants fund allocation they will receive an additional payment of 5% of their original funding allocation (using a grant under section 31 of the Local Government Act 2003)'.
- 1.4. The Government has also announced that New Burdens funding will be provided to compensate authorities for the administration of the scheme. To date the council has incurred additional costs relating to software and staffing required to administer the scheme.
- 1.5. Government guidance for the top-up grant scheme was published on 13 May 2020, then revised guidance was issued on 22 May 2020 and FAQs issued on 27 May 2020. There is some discretion as to how local authorities allocate the grants. However, there is a requirement that local authorities:

"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"

- 1.6. Under this scheme local authorities are able to:

"disburse grants to the value of £25,000, £10,000 or any amount under £10,000 with the value paid at the discretion of the local authority".

- 1.7. There are a number of mandatory eligibility criteria indicated in the guidance for local authorities to adopt for their schemes:
 - a) Businesses not in receipt of any cash grants from any central government COVID-related scheme (excluding the Coronavirus Job Retention Scheme)
 - b) Businesses trading on 11 March 2020
 - c) Businesses not in administration, are insolvent or where a striking-off notice has been made
 - d) Businesses eligible for grants under the EU State Aid De Minimis rules or the COVID-19 Temporary Framework for UK Authorities

- 1.8. The guidance suggests that in using their discretion in allocating the grants, local authorities should take into account:

- The severity of the COVID economic impact, including whether they have had to close their business completely or are unable to trade on line and the scale of the impact.
- The level of fixed costs of the business
- The number of employees in the business
- The importance of the business in the local economy

1.9. While the guidance indicates that allocating grants is at the discretion of the local authority (and even goes so far as to say ‘there will be no penalty for local authorities because of their use of discretion to prioritise some business types’) the government asks local authorities to prioritise the following types of business:

- **Located in shared offices or other flexible workspaces**, such as 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 Relief.

2. Criteria for the Thanet Scheme

2.1. It is recommended that the Thanet COVID Discretionary Grant Scheme includes all those types of business recommended for prioritisation as set out in the government guidance and included at 1.9 above.

2.2. In addition, it is proposed that a fifth local Thanet-specific category is included. The following categories of businesses listed below are therefore those which are proposed as eligible for the Thanet COVID Discretionary Grant Scheme:

- i) **Businesses in shared workspaces**, such as in industrial parks, science parks or business incubators.
- ii) **Bed & Breakfasts** which pay Council Tax instead of business rates, but excluding properties that operate on the AirBnB platform;
- iii) **Regular market traders** with fixed building costs, such as rent, who do not have their own business rates assessment. This scheme will only apply to those with a business address in the district.
- iv) **Charity properties** in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.
- v) **Thanet Priority Businesses** - Design, Film, TV, Radio, and Photography; Music, Performing Arts and Visual Arts; boat charters.

- 2.3. An estimation, based on historical data, of the number of businesses within each of the categories above is shown in the table below:

Business Category / Criteria	Estimated Number of Applicants
Businesses in Shared workspaces	180
Bed & Breakfasts	60
Market Traders – business address in district	20
Charities	50
Thanet Priority	240
Total	550

3. Eligibility

- 3.1. This grant funding is for businesses that are not eligible for other government-funded support schemes (with the exception of the Self Employed Income Support and Coronavirus Job Retention Schemes). If a business is eligible for other government funded support but has chosen not to use that support, it will not be considered for this scheme.
- 3.2. To be eligible for the grant businesses must be able to evidence and demonstrate that they:
- 3.2.1. Operate from premises within the Thanet district;
 - 3.2.2. Are a Small or Micro Businesses with turnover below £10.2 million, have assets below £5.1 million and have less than 50 employees;
 - 3.2.3. Have suffered at least a 25% reduction in income due to the Coronavirus crisis;
 - 3.2.4. Are a business with on-going fixed premise related costs;
 - 3.2.5. Were trading on 11 March 2020 (as defined by government guidance);
 - 3.2.6. Are not in administration, are not insolvent or do not have a striking-off notice;
 - 3.2.7. Occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000; and
 - 3.2.8. Are eligible for grants under the EU State Aid De Minimis rules or the COVID-19 Temporary Framework for UK Authorities;

4. Application Process for the Thanet Scheme

- 4.1. It is proposed that businesses apply for this grant scheme using an electronic application form that will be accessed via the corporate website.
- 4.2. The application form will seek the information required to check the eligibility of the business for the grant. In the application process the applicant will be required to provide evidence to support the eligibility of the organisation.
- 4.3. The online application process will open on week commencing 1st June and will be open for a two week period. Subject to the volume of applications that are received, applications will be processed and payments made to successful applicants by the end of the month.
- 4.4. It is proposed that the assessment of applications is led by the Financial Services team with support provided by Communications and Digital teams for developing the application form and putting on the corporate website, and from the Business Rates team for checks of applicant details and payment of grants.

5. Allocation Methodology

- 5.1. The Council will make a fixed and equal award to all eligible applicants who successfully meet the criteria and scheme requirements. As such, the size of the award will depend on the final number of applications.
- 5.2. As stated previously, the funding available for allocation is £1.66m. It is proposed that 5% of this allocation is held back as a contingency to fund any appeals. This would provide a contingency of £83k and a revised fund for allocation of £1.58m
- 5.3. For illustrative purposes, should the council receive the estimated 550 applications, the awards will be determined as follows:

Individual awards = Total Funding (after contingency) / Number of successful applicants

Individual awards = £1.58m / 550 = £2,870

- 5.4. Therefore, based on these broad assumptions, it is estimated that all eligible businesses will receive a grant in the region of £2,900. However, this figure is subject to significant estimation and could vary substantially in either direction depending on the number of applicants.
- 5.5. It is also proposed that the maximum allocation be capped at £10,000. In the event that less than 158 businesses are successful in their application there would be surplus funding remaining. In such case, a subsequent approval will be sought from Cabinet for the use of any residual funding.
- 5.6. Moreover, should surplus funding remain on the £83,000 contingency after determination of all appeals, further approval will also be sought from Cabinet for reallocation of the funding.

6. Decision Making

- 6.1. The assessment of individual applications to the scheme will be carried out by the officers from Financial Services against the stated criteria above. It is recommended that authority be delegated to the Head of Financial Services to authorise grant payments to those applicants who meet the criteria and eligibility requirements.
- 6.2. Any unsuccessful applicants will have the right to appeal this decision. An appeal will be heard should the applicant submit in writing a response within 14 days of notification of the decision. Appeals will be heard and determined by the Deputy Chief Executive, whose decision will be final.

Contact Officer:	Chris Blundell, Head of Financial Services and Deputy Section 151 Officer
Reporting to:	Tim Willis, Deputy Chief Executive and Section 151 Officer

Background Papers

Title	Details of where to access copy
None	N/A

Corporate Consultation

Finance	Tim Willis, Deputy Chief Executive
Legal	Tim Howes, Director of Corporate Governance