

REPORT TO	DATE
Chief Executive, in Consultation with the Deputy Leader of the Council	21 st May 2020



TITLE	PORTFOLIO	REPORT OF
Urgent Decision Under Section 35 of the Council's Constitution: COVID19 Response Discretionary Business Grants	Leader	Director of Planning and Property

Is this report a key decision? (i.e. more than £100,000 or a significant impact on more than 2 Borough wards)	Yes
Is this report confidential?	No

PURPOSE OF THE REPORT

1. To seek approval for the delivery and payment of Discretionary Business Grants.

RECOMMENDATIONS

2. That the Chief Executive and S151 Officer of South Ribble Council be given delegated authority to approve payment of the COVID19 Discretionary Business Grants in line with the government guidance and the council's own procedure as outlined in the report below.
3. That the Chief Executive and S151 Officer of South Ribble Council in consultation with the Leader be given delegated authority to approve payment of the COVID19 Discretionary Business Grants to other businesses who meet the following criteria:
 - Demonstrate significant financial hardship
 - Have been trading since before the lockdown date of 23rd March 2020
 - Have a rateable value within a 5% tolerance of the £51,000 limit (i.e. up to £53,550)
 - Meet all other eligibility criteria as prescribed as Government

REASONS FOR THE DECISION

4. The scheme is in line with government requirements to administer discretionary grants to businesses affected by COVID19

CORPORATE OUTCOMES

5. The report relates to the following corporate outcomes:

Excellence, Investment and Financial Sustainability	✓
Health, Wellbeing and Leisure	
Place, Homes and Environment	✓

Projects relating to People in the Corporate Plan:

Our People and Communities	
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BACKGROUND TO THE REPORT

6. In response to the Coronavirus the Government announced there would be further support for small businesses and businesses in the retail, hospitality and leisure sector. The Council has already rolled out this scheme and to date has provided over £17.5 million of grants to around 1,600 businesses.
7. On 1st May 2020 the Government announced that they would launching an additional top up grant funds called Discretionary Grants. Subsequently guidance on this grant scheme was issued on 13th May 2020.
8. The Government has already provided £ 20,888,000 of funding to the Council to roll out the existing grant programs and there is the prospect of a 5% uplift on this funding to cater for the discretionary grants.
9. The council is administering and managing the schemes essentially on behalf of government and is responsible for the administration and payment of the grant monies. That said, unlike the existing grant schemes there is local authority discretion on how to award these. The additional costs involved in the administration of this scheme is intended to be reimbursed by the government using new burdens funding.

PROPOSALS (e.g. rationale, detail, finance, procurement)

10. *Funding Available*

11. The Government guidance sets a base date of 4th May 2020 to calculate this from. As of 4th May 2020 we recorded the following:

	Grant Value £	No. of Eligible Businesses as of 4 th May 2020	Total Grant Value £
Small Business Grant	£ 10,000	1,487	£ 14,870,000
Retail Hospitality and Leisure £10k Grant	£ 10,000	98	£ 980,000
Retail Hospitality and Leisure £25k Grant	£ 25,000	160	£ 4,000,000
		1,745	£ 19,850,000

12. The Government has not provided South Ribble Council with confirmation of any additional grant funding. However, it is assumed that the Council will not receive any further allocation and that this discretionary programme will be funded through the original allocation of £20.888m.

13. The Government used £19.850m as the baseline for the 5% uplift in grant. This would take this figure to £ 20,842,500. As the Council has already received £20.888m the Government does not deem it necessary to provide additional funding.

14. It should be noted that the guidance is contradictory and also states:

“We do not want to penalise local authorities that subsequently manage to achieve a higher number of business hereditaments supported and grants awarded; their 5% allocation will be adjusted upwards”

15. Given the above the amount of funding available to deliver the discretionary fund appears to be **£1,038,000 as a minimum**. That said, we still have around 237 eligible businesses in the existing 3 rounds who have yet to claim their grant. If these are not claimed it could add a further £2,640,000 in to the pot.

16. Eligible Businesses

17. The Government guidance indicates that we should be awarding to the following categories at the very least:

- Small businesses in shared offices or other flexible workspaces
- Regular market traders with fixed building costs
- Bed & Breakfasts which pay Council Tax instead of business rates
- Charity properties in receipt of charitable business rates relief

18. In addition to the above there are known and un-known businesses to consider. Firstly, we know about a number of businesses who are not eligible for the existing 3 strands of business grants. These can be summarised as follows:

- Rateable value of below £51,000
- Were trading on 11th March 2020

- Have not benefited from any previous grants

19. Beyond this there will be a large number of “hidden” businesses who do not register on business rates and do not fall in to the above categories. This could be for example where the landlord pays the business rates for the property but the occupier doesn’t. Equally there could be businesses based in a residential property who employ staff – that said we would need to consider if there was true fixed property costs to meet the eligibility criteria.

20. Officers have analysed the potential amount of demand for such grants and this can be summarised as follows:

Row	Category		Comment	Potential Number of Businesses
Categories Listed in Guidance or Knowns				
A	Market Stalls			24
B	Bed and Breakfasts Paying Council Tax			0
C	Charities			107
D	Businesses Known to us on Business Rates System who are not eligible for current grants and have an RV < £ 51,000		This is the global figure but we can define by category e.g. warehouse or offices	450
Potential Unknowns				
E	NOMIS Number of Micro Businesses in South Ribble (0-9 staff) Reg For PAYE or VAT	3,370	Combined = 3,800 Less eligible for existing grants 1,745 = 2,055 Less A+B+C+D = 1,474	1,474
F	NOMIS Number of Small Businesses in South Ribble (10 to 49 staff) Reg for PAYE or VAT	430		
POTENTIAL TOTAL		Sum A+B+C+D+E		2,055

21. Officers therefore estimate that the potential demand for such a grant will be significant. This would place great pressure on available funds but also on staff resource to process the grants.

22. Officers are also aware of a small number of businesses that have missed the Government thresholds by a small margin. For example there are some businesses who are slightly over the £51,000 rateable value figure. Similarly there are businesses who started trading after the 11th March 2020 date but before the lockdown happened on 23rd March 2020.

23. *Proposed Delivery Approach*

24. Given the above considerations it is proposed that the South Ribble Discretionary Grant will be delivered as follows:

- That an online form be launched for businesses to complete which will be directed at the following:
 - Small and Micro Businesses as defined in the relevant acts
 - Small businesses in shared offices or other flexible workspaces
 - Regular market traders with fixed building costs
 - Bed & Breakfasts which pay Council Tax instead of business rates
 - Charity properties in receipt of charitable business rates relief
- That the grant rate be set at £5,000 per eligible business
- That the grant be delivered on a first come first served basis with the option for the Council to consider paying more grants out depending on financial considerations
- That the application period be set for a time limited period of around 10 days from launch
- That consideration be given to additional businesses who can demonstrate significant hardship. This would include the small number of businesses that have missed the Government threshold by small margins. This may include those trading since 11th March 2020 but having to close on 23rd March 2020 and those with a rateable value of over £51,000.

25. A detailed process flow chart has been developed in support of the application process which has been agreed with finance/audit colleagues to ensure good Governance.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

26. A dedicated email and phone line has been set up to deal with general enquiries from all business requiring support.

ALTERNATIVE OPTIONS CONSIDERED

27. A number of delivery mechanisms have been considered including delivering grants at higher and lower rates. Higher grants will limit the number of businesses supported. Equally it is felt that lower grants would not benefit businesses.

28. A means test approach has also been considered but this would lead to significant delays in grant processing and mean that the funding could not get to businesses as quickly as possible.

AIR QUALITY IMPLICATIONS

29. .None

RISK MANAGEMENT IMPLICATIONS

30. The existing grant award process has been fully reviewed by Audit and measures are in place to ensure fraudulent activity is minimised. This process will be mirrored with minor tweaks for the discretionary grant.

EQUALITY & DIVERSITY IMPACT

31. The grants are available to all eligible businesses.

COMMENTS OF THE STATUTORY FINANCE OFFICER

32. The proposals provide a transparent approach to delivering the new grant programme. The first-come-first-serve basis of the grant allocation minimises any financial risk to the council. Based on a potential 2,000 businesses being eligible for the funding, the £5k grant would cover between 10% to 20% of these businesses.
33. Assessing businesses financial hardship will require a lot of staff resources, the Government has indicated it will provide grant funding to support the costs of administering the grant programme. No funding announcement has yet been made.

COMMENTS OF THE MONITORING OFFICER

34. The proposed discretionary grant scheme meets the requirements of the central government guidance and is reasonable in its approach and seeks to ensure that the maximum number of businesses who have not to date received any support or grants do so.

BACKGROUND DOCUMENTS

Central Government Guidance on Discretionary Grants issued 13th May 2020

APPENDICES TO THIS REPORT

None

Jonathan Noad
Director of Planning and Property

Report Author:	Telephone:	Date:
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Approval of Urgent Decision

I confirm that I consider this decision is one of genuine urgency in accordance with section 35 of the Council's constitution:



Councillor David Howarth
Chair of the Scrutiny Committee

Dated: 26 May 2020

Following careful consideration and assessment of the contents of the report, I approve the recommendations contained in the report in accordance with the Council's constitution in consultation with the Deputy Leader of the Council:



Gary Hall
Chief Executive

Dated: 27 May 2020



Councillor Mick Titherington
Deputy Leader of the Council

Dated: 27 May 2020