

REPORT TO	DATE
Chief Executive, in Consultation with the Deputy Leader of the Council	13/08/20



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

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 changes to the delivery and payment of Discretionary Business Grants.

RECOMMENDATIONS

2. That changes are made to the original discretionary grants scheme so that more payments can be made to businesses. The main change being that businesses no longer have to demonstrate fixed property costs
3. That a £25k grant be offered to some businesses with rateable values in excess of the previously agreed £53,550. These businesses have specific cultural importance to the borough or are integral to supporting the local tourist industry.
4. That any remaining funding should be used to top-up the £5k payments already made to businesses on a pro-rata basis.

REASONS FOR THE DECISION

5. The council has been allocated a maximum grant of £992,500 to distribute to local businesses as part of the discretionary grants scheme. This report seeks to maximise the amount of payments made to its businesses.

EXECUTIVE SUMMARY

6. In order to maximise the allocation of the discretionary grants scheme this report seeks to amend the previously agreed scheme. These changes are
- To relax the current criteria that all businesses must demonstrate fixed property costs.
 - To allow some payments to businesses with rateable values above the previously agreed £53,550.
7. In order to ensure all monies are spent it is proposed that any remaining funding be paid pro-rata to all those businesses that have already received the discretionary grant.

CORPORATE OUTCOMES

8. 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

9. On the 21 May the Council approved a report outlining its approach to the administration of its discretionary business grants scheme. Since then the council has had 190 applications that can be summarised below:

	Number	Value £
Paid	103	515,000
Officers chasing for additional information	12	60,000
Demonstrated insufficient fixed property costs	27	135,000
Demonstrated insufficient loss due to Covid	7	35,000
Unable to demonstrate both a loss of income and fixed property costs	12	60,000
Have received / been instructed to apply for £10k/£25k business grants	13	65,000
Ineligible/Duplicates	6	30,000
Checks being undertaken	10	50,000
Total	190	950,000

10. It is clear that the take up of the scheme was not as high as anticipated, this is common across other schemes in Lancashire and it mainly the result of the government criteria as well as the fact that many businesses have already received £10k or £25k business grants from the first government scheme.
11. Processing the grants has been resource intensive as officers have been supporting many businesses that have struggled or have been unable to provide the information required.
12. Officers will continue to work hard to support applicants however it is clear some businesses are unable to demonstrate fixed property costs. These include businesses that do not incur the costs, for example those that are home based and do not charge the costs to a business.

GOVERNMENT GUIDANCE

13. The government guidance outlines businesses that are eligible and not eligible for the funding
 - This grant funding is for businesses that are not eligible for other support schemes.
 - Only businesses which were trading on 11 March 2020 are eligible for this scheme.
 - Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.
14. The communication from government to businesses regarding this funding states these eligibility criteria but also mentions that it is for businesses that have relatively high ongoing fixed property-related costs. Further guidance from government supports this as well a government audit returns that have required the council to outline how they are checking for fixed property costs.
15. However, it is not clear that fixed property costs are a fundamental criteria for receiving the grant and the government does note in the guidance that they want local authorities to exercise their local knowledge and discretion.
16. The scheme must be closed by the 28 August and all payments made by 30 September

PROPOSALS

17. To support local small businesses the council will relax the requirement for businesses to demonstrate fixed property costs. This will currently result in 27 additional businesses receiving the funding but is likely to be more depending on final checks.

18. It should be noted that there is a risk the government will audit the scheme and determine these grants ineligible. This could present a risk of the council reimbursing the government **a minimum of £135k**. This would be those 27 businesses that have currently failed the verification on that basis plus any businesses awaiting further checks or submitting further information that may also be unable to demonstrate fixed property costs.
19. The council will make £25k payments to businesses that have specific cultural importance to the borough or are integral to supporting the local visitor economy sector. These are:
- The British Commercial Vehicle Museum
 - Beeston Manor
20. The British Commercial Vehicle Museum has requested support from the Discretionary Grants because the rateable value of the building is just above the threshold for the Retail, Hospitality and Leisure Grant so the Museum has not received any grant support. The grant would enable the Museum to work towards achieving target visitor numbers, bringing income into the borough.
21. Beeston Manor has also requested Discretionary Grant support as a result of the rateable value of the building being above the threshold for the Retail, Hospitality and Leisure Grant. The business has not been able to host any weddings since lockdown so the impact on the business is significant. All these businesses support the visitor economy sector, which is a priority sector of the economy.
22. Based on these changes the highest forecast outturn would be approximately 152 grants paid at £760k. This would result in an underspend £232,500 and it is proposed that this is paid pro-rata to all applicants therefore **increasing the final grant allocation from £5,000 to £6,445. The final figure may be different, however, as grants are being applied for and issued on a daily basis.**

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

23. There is no legal requirement to undertake formal consultation.

ALTERNATIVE OPTIONS CONSIDERED

24. None

AIR QUALITY IMPLICATIONS

25. None

RISK MANAGEMENT IMPLICATIONS

26. The government guidance could be interpreted in such a way that prohibits the council making payments to businesses with no fixed property costs. The financial risk to the council is **at least** £135k
27. There is a potential reputational risk whereby businesses that did not apply because they had no fixed property costs discover that other businesses in a similar situation were paid the grant.

EQUALITY & DIVERSITY IMPACT

28. The grants are available to all eligible businesses.

COMMENTS OF THE STATUTORY FINANCE OFFICER

29. The paper presents options to fully commit the discretionary grant fund. If not committed it will be repaid to the government. The report outlines the risk of relaxing the criteria for fixed property costs.

COMMENTS OF THE MONITORING OFFICER

30. Clearly it is important that the council must do what it can to assist local businesses – and the local economy by extension – through these difficult times. It has to be understood though that there is some risk attached to changing the grants scheme in no longer requiring businesses to demonstrate fixed property costs. Please see paras 17 and 18 above. The risk is that the Government would require repayment of those particular proposed grant awards.

Report Author:	Telephone:	Date:
James Thomson	01257 51 5025	26/08/20

Approval of Urgent Decision

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



Councillor David Howarth
Chair of the Scrutiny Committee

Dated: 26/08/20

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 Leader of the Council:



Gary Hall
Chief Executive

Dated: 26/08/20



Councillor Mick Titherington
Deputy Leader of the Council

Dated: 26/08/20