

URGENT REPORT TO THE LEADER

22 MAY 2020

COVID-19 DECISION: LOCAL AUTHORITY DISCRETIONARY GRANTS FUND

Portfolio Holder: Councillor Jane Chitty, Portfolio Holder for Planning, Economic Growth and Regulation

Report from: Richard Hicks, Director of Place and Deputy Chief Executive

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Summary

This report proposes a means of administering the Local Authority Discretionary Grants Fund which the government has introduced in response to Covid-19. The Leader's approval to the proposed methodology is sought under urgency provisions.

1. Budget and Policy Framework

- 1.1. Matters relating to grant funding to businesses are a matter for Cabinet. The Leader has urgency powers to make decisions which would ordinarily be made by the Cabinet, as set out in the Constitution (paragraph 3.2 of Part 3 (Responsibility for Cabinet functions) of Chapter 3 (Responsibility for Functions) of the Constitution.
- 1.2. The Chairman of the Regeneration, Culture and Environment Overview and Scrutiny Committee has agreed that the taking of this decision is urgent and cannot be reasonably deferred until the next Cabinet meeting on 9 June 2020, in accordance with Section 11 (Cases of special urgency) of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 and Rule 17 (Special Urgency) of the Access to Information Rules (Part 2 of Chapter 4 in the Constitution). This is because it is imperative that the Council takes urgent action to support

businesses in line with the government's announced Local Authority Discretionary Grants Fund in response to the COVID-19 pandemic.

- 1.3. Additionally and in line with rule 15.11 of Chapter 4, Part 5 of the Constitution, call-in can be waived where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the Public's interests. The Chairman of the Regeneration, Culture and Environment Overview and Scrutiny Committee has agreed that the decisions proposed are reasonable in all the circumstances and to them being treated as a matter of urgency and to waive call-in.

2. Background

- 2.1. The government has been responding to Covid-19 by announcing a wide range of measures to support businesses.
- 2.2. In March and April 2020, government announced and issued guidance on a number of business support schemes, including:
 - Small Business Grant Fund
 - Retail, Hospitality and Leisure Grant
 - Fisheries Response Fund
 - Domestic Seafood Supply Scheme
 - The Zoos Support Fund
 - The Dairy Hardship Fund
 - Self-Employment Income Support Scheme
 - Expanded Retail Discount Scheme
 - Pub Discount Scheme
 - Nursery Discount Scheme
- 2.3. On 2 May 2020, government announced the establishment of a discretionary 'top-up' fund to accommodate certain small businesses outside the scope of the previously-announced business grant fund schemes.
- 2.4. Full guidance was issued on 13 May 2020, and officers have since been developing a proposed scheme.
- 2.5. Local Authorities will be entitled to claim up to a 5% increase to the funding awarded for the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund, to be ringfenced for the Discretionary Grants Fund. The total funding for Medway (as confirmed via letter from the Department for Business, Energy and Industrial Strategy on 20 May) is £1,848,250.

Scheme Proposals

- 2.6. Government guidance suggests grants should be predominantly and primarily targeted at businesses which:
 - Have ongoing, fixed, building-related costs;
 - Have suffered a significant loss of income due to Covid-19;
 - Employ fewer than 50 staff;

- Were trading on 11 March 2020;
- Are not in administration or insolvent;
- Occupy a property, or part of a property, with a rateable value, or annual rent or mortgage payments, below £51,000;
- Will not exceed State Aid allowances by receipt of the grant;
- Have not received, or been eligible to receive, grant funding from any central government Covid-19 support scheme.

2.7. Businesses which have applied for the Coronavirus Job Retention Scheme (furlough) are eligible to apply for a discretionary grant.

2.8. Government guidance indicates grant payments should be prioritised for:

- Small businesses in shared offices or other flexible workspace, which do not have their own business rates assessment;
- Regular market traders with fixed building costs, who do not have their own business rate assessment;
- Bed and Breakfasts which pay Council Tax instead of business rates;
- Charity properties in receipt of charitable business rates relief, which would otherwise have been eligible for Small Business Rates Relief, or Rural Rate Relief.

2.9. Grants can be for £25,000, £10,000 or any amount below £10,000, at the Local Authority's discretion.

2.10. Government expect the first payments from the scheme to be made in early June. However, this could only be achieved with a week for applications to be received, and a week to review them before payments are made. Given the experience of administering the previous grants schemes, an extended timescale is recommended to review applications. In addition, in order to ensure that the opportunity to apply reaches as many businesses as possible, a ten-day window for applications is advised.

2.11. Given that the total allocation from government is fixed, and we cannot estimate in advance the number of eligible applicants for the scheme (as we could with the Small Business Grant Fund, and Retail, Hospitality and Leisure Grant, due to existing business rates records), we propose determining grant amounts only once all applications have been received (i.e. not before 5 June 2020).

2.12. Appendix 1 shows the proposed application process for the Discretionary Grants Scheme, with eligibility, weighting and compliance criteria.

Weighting

2.13. We propose to add a 20% uplift in award to businesses in a priority sector, as set out in the government guidance (see paragraph 2.8 above).

- 2.14. We proposed to weight the grant awarded according to levels of fixed building-related costs, and scales of loss of income.
- 2.15. We propose retaining 5% of the funding award for late applicants, or businesses who do not fully meet the criteria, but are able to demonstrate significant hardship caused by Covid-19, which is not within the scope of any other grant scheme.

Decision making

- 2.16. Applications made under this scheme will be considered and determined by the Assistant Director for Physical and Cultural Regeneration, in consultation with the Leader and Portfolio Holder, on the basis set out in section 2 of the report.

Timescale

- 2.17. A proposed timescale for the roll-out and award of the Discretionary Grants Scheme is as follows:

20 May 2020	Sign-off by Covid-19 Gold Command
22 May 2020	Leader agreement of the Scheme
22 May 2020	Digital complete the on-line form (subject to quantum of change). Early comms messages
26 May 2020	Applications open. Large-scale comms launch
12 noon 05 June 2020	Applications close
26 May – 18 June	Applications assessed and grant values confirmed
19 June 2020	Payments commence

3. Options

- 3.1 Given the severity of the Covid-19 pandemic it is recommended that the proposals set out in this report are approved to assist Medway businesses urgently at this time.

4. Risk management

Risk	Description	Action to avoid / mitigate	Rating
Government refuse to fund / clawback funding from the grant scheme	Grant not awarded in line with criteria specified by Government	Ensure scheme complies with government guidelines. Note the majority of the guidelines are discretionary, greatly reducing the risk of non-compliance.	E2

Funding incorrectly awarded to ineligible applicants	Grants paid to businesses who do not meet the eligibility criteria, or who falsify evidence	Evidence required for eligibility, to be reviewed by Finance. Cross-checks to be made with previous grant recipients.	D2
Not all business experiencing a Covid-19 impact but who are outside the scope of previous grant schemes are captured by the eligibility criteria for this scheme	Some businesses may be suffering a disproportionate adverse impact to the expectations of the scheme	5% of the funding available retained for late applicants and to be used at the Chief Finance Officer's discretion. Consultation on scheme design took place with the business community from 18 – 19 May.	D2

5. Consultation

- 5.1 A meeting took place with SELEP Economic Development Officers on 14 May and Kent districts on 15 May 2020, indicating that our proposed approach is broadly in line with regional intentions.
- 5.2 The business community have been consulted on the award via the Medway for Business Economic Partnership, from 18 – 19 May 2020.
- 5.3 Proposals were discussed with the Portfolio Holder for Planning, Economic Growth and Regulation on 18 May 2020 who indicated her support for the scheme.

6. Financial implications

- 6.1 The proposals will be 100% funded by government. The proposal to determine grant amounts only once all applications have been received will ensure expenditure is within budget.

7. Legal implications

- 7.1 There are no direct legal implications arising from this report.

8. Recommendations

- 8.1 The Leader is asked, using urgency powers, to agree to delegate authority to the Assistant Director, Physical and Cultural Regeneration, in consultation with the Leader and Portfolio Holder for Planning, Economic Growth and Regulation, to consider and determine applications made under the Local Authority Discretionary Grants Scheme, as set out in section 2 of the report.

8.2 The Leader is asked to agree that this recommendation is considered urgent and therefore should not be subject to call in.

9. Suggested reasons for decisions

9.1 Given the severity of the Covid-19 pandemic and the lack of cost to Medway Council it is appropriate for the Council to introduce these measures.

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Appendices

Appendix 1: Proposed Application Process

Background papers

Local Authority Discretionary Grant Scheme - guidance

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/885011/local-authority-discretionary-grants-fund-guidance-local-government.pdf

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Councillor Alan Jarrett, Leader of the Council

Dated