ITEM NO

Local Authority Discretionary Business Grant Scheme

Report to the Chief Executive

DATE	**15th May 2020**
PORTFOLIO	**Economy & Growth**
REPORT AUTHOR	**Kate Ingram**
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PURPOSE

1. The purpose of the report is to seek approval of the Local Authority Discretionary Business Grant Scheme

RECOMMENDATION

2. It is recommended that the Chief Executive under urgency powers:
   a) Approves the eligibility criteria and grant rates as set out in Appendix 1 of this report.
   b) To delegate authority to Strategic Head of Economy and Growth and Head of Finance and Property to approve grant applications

REASONS FOR RECOMMENDATION

3. On 2nd May the Government announced additional funding to support small businesses that fell outside of the criteria of the Small Business Grant and Retail, Hospitality and Leisure Grant funding announced in March. As well as meeting some core eligibility criteria set by Government, local authorities are expected to set out eligibility criteria based on the needs of their local economy.
4. The existing scheme will support 2,196 eligible Burnley businesses and the Council has already disbursed grants to 1,739 businesses that have applied.

SUMMARY OF KEY POINTS

5. The Government guidance, issued on 13th May, confirmed that the Discretionary Fund element for each local authority will be equivalent of 5% the eligible spend reported on 4th May 2020. For Burnley this amounts to £1,215,000
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6. The guidance sets out some basic requirements that must be incorporated into a Local Authority Discretionary Grant Scheme as follows;

    - Local Authorities may disburse grants of £25,000, £10,000 or any amount under £10,000.
    - Local authorities should consider fixed costs, number of employees, where a business has had to close completely or is unable to trade on line and the consequent scale of COVID 19 losses.
    - Local authorities are to set clear criteria for determining the level of grants
    - Local authorities must prioritise businesses Small businesses In shared offices or other flexible workspaces which do not have their own business rates assessment; Regular market traders with fixed building costs who do not have their own business rates assessment; Bed & 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.
    - The Local Authority Discretionary Grant Fund is aimed at small businesses who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund or that have applied to the HMRC Self Employed Income Support Scheme.
    - Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.
    - Only businesses which were trading on 11 March 2020 are eligible to apply for funding under 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
    - These grants are primarily and 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.

7. As well as meeting these basic requirements Local authorities have been given authority to make discretionary grant payments to other businesses based on their own local economic need.

8. A proposed discretionary scheme is set out in Appendix 1. The scheme is based on the key priorities set out by government, key sectors in our local economy and on our knowledge of businesses that have been affected by the COVID 19 pandemic but not eligible for other schemes. However, the amount of funding available will not enable the Council to support all the businesses that have fallen

through the net and the scheme has been set in such a way as to support the maximum number of businesses with the greatest needs but whilst remaining within an affordability envelope.

9. The existing schemes have allowed the Council to support over 2000 businesses. It should be noted that there are a range of other schemes that the government has introduced to support businesses including loan schemes and a package of support for self-employed individuals.

10. As the grants are discretionary there is no statutory right of appeal. A business or organisation can however appeal in writing to the Council within one month of the decision. The decision will be reviewed by the Chief Exeutive whose decision will be final.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

11. The funding is capped at 5% of the eligible spend reported on 4th May, that is £1,215,000. The Council will not make awards in excess of this amount.

12. The cost to local authorities of these grant payments will be met in one of two ways:

i)Where they have or plan to spend all of the grants fund allocation for the Small Business Grants Fund and Retail, Hospitality and Leisure Grants Fund, they will receive an additional payment of 5% of their funding allocation (using a grant under section 31 of the Local Government Act 2003).

ii) Local authorities that, having taken all reasonable steps to provide grants to eligible businesses for the Small Business Grants Fund and/or the Retail, Hospitality and Leisure Grants Fund, still have unspent initial grants funds allocation, will fund the grants from this unspent residual. Local authorities with a projected underspend of more than 5% cannot allocate awards above their 5% threshold.

13. In either case, government will continue to monitor each local authority's spend performance for the Small Business, Retail, Hospitality and Leisure Grants Funds and the Local Authority Discretionary Grants Fund and ensure they have sufficient funding and the correct 5% cap for the Discretionary Grants Fund and will top up funding where necessary

14. The scheme criteria have been checked against potentially eligible businesses. There are 94 businesses that have a rateable value of between £15,000 and £51,000, and subject to meeting other criteria and providing a business case would be eligible for a grant. A list has been compiled of charitable organisations that are in receipt of charitable relief and were therefore not eligible for a Small Business Grant (some are eligible for a grant under the Retail, Leisure and Hospitality scheme). Based on the proposed sliding scale this would amount to £106,500 of grant. Based on local knowledge we estimate that there are 5 potentially eligible B&B's and a boat hire business. Total grants for these, using the criteria set would be a maximum of £40,000. This leaves a head room of £98,500 for businesses that are in shared offices and workplaces. This is tight but we are not aware of any significant clusters of such spaces, with most managed offices spaces in the borough having separately rated spaces.

POLICY IMPLICATIONS

15.The decision supports the Council's strategic priorities for economy and growth.

DETAILS OF CONSULTATION

16. Cllr Gordon Birtwistle, Executive Member for Economy and Growth
17. Cllr Charlie Briggs, Leader of the Council
18. Cllr Mark Townsend, Leader of the Labour Group
19. Cllr Dale Ferrier, Leader of the Conservative Group
20. Cllr Andy Fewings, Leader of the Green Group
21. Asad Mushtaq, Head of Finance and Property (s151 officer).

BACKGROUND PAPERS

22. None

FURTHER INFORMATION

PLEASE CONTACT: **Kate Ingram Ext 7271**

ALSO: