

Decision under Delegated Powers

Officer Making the Decision

Strategic Director of Corporate Services

Recommendation

That the policy for the operation of the Charnwood Business Grant Support schemes with effect from 1st May 2021 be approved as set out at Appendix A

Reason

To take action in relation to a matter which would otherwise have been submitted to Cabinet.

Authority for Decision

Delegation of Executive functions - (Section 8.3 of the Constitution states that the Chief Executive, Strategic Directors and Heads of Service can take such action as is required in the case of an emergency or urgency subject to:

- (i) consultation with the Leader (or, in the Leader's absence, the Deputy Leaders);
- (ii) consultation with the Chief Executive and relevant Strategic Directors in each case; and
- (iii) a report on the action taken being made to the next meeting of the Cabinet.

Decision and Date



4 May 2021

Background

In response to the Coronavirus, the Government has announced a series of grants to support businesses affected by the pandemic. Charnwood has had in place policies to support the administration of schemes but an update is considered necessary due to additional funding being made available in May/June 2021 to support the Additional Restrictions Grant Fund.

Additional Restrictions Grant Fund

The Government initially allocated £3.71m towards this scheme, with a further announcement on 5th January of a top up to this fund of £1.65m. Despite this funding eligible to be used until March 2022 the Department of Business Energy and Industrial Strategy have advised all funding must be spent by 30th June to receive a further top up of £1.16m to this fund.

As the country is now moving out of national restrictions and in line with the Governments Restart Grant Scheme, Charnwood is looking to support businesses financial to prepare in the reopening of their business and making changes where needs to encourage the long term success of local businesses.

The policy set out at Appendix A provide the full details of such schemes.

Financial Implications

The cost of this grant scheme is fully funded by government; the Council has been allocated an additional amount of £1.16m on top of the previous £5.36m.

The government note that the Council has received new burdens funding to cover the costs of administering this and other grant schemes; however, in general, grants administration will be covered out of existing budgets.

Consultation with Leader and Deputy Leader

Following an informal briefing, a fair draft of this policy was used to consult with the Leader and Deputy Leader who both confirmed that this could be used as the basis for the final policy. (There are no material differences between the consultation draft and final version as set out at Appendix A.)

Consultation with Chief Executive and relevant Strategic Directors

Consultation has been effectively concluded via the Council's COVID-19 organisational response to the pandemic. The Chief Executive and all Directors have concluded that the recommendations of this report are both necessary and urgent.

Risk Management

There are unavoidable inherent risks within the grants scheme around the prioritisation of different business sectors and the rationing of grant payments (hence it is inevitable that there will be disappointed applicants) but there are no specific risks associated with this decision.

Key Decision: Yes

Date included on Forward Plan N/A as matter considered under urgency provisions

Special Urgency Notice and exemption from Call-In was approved by the Chair of Scrutiny Commission on 30 April 2021

Background Papers: None

Appendix A Additional Restriction Grant Policy

APPENDIX A

Additional Restrictions Grant – April 2021

1. Background to Business Grants

- 1.1 The Covid-19 pandemic is unprecedented and has had an immediate and significant impact on the borough of Charnwood. The government continues to develop a range of different grant packages to support businesses affected by the ongoing restrictions
- 1.2 As a result, the Government has now provided additional funding for under the Additional Restrictions Grant scheme, which the Council is administering.

2.0 The Additional Restrictions Grant Fund

Support for businesses affected by reduced trading conditions experienced as a result of the pandemic. It will be up to Local authorities to develop discretionary grant schemes to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19.

- 2.1 The grant fund for the Charnwood Borough area is being managed by Charnwood Borough Council, which is responsible for delivering grants to eligible businesses and charities. The Council must follow the guidance set by the Government. The Council has authority to make these payments under Section 1 of the Localism Act 2011.
- 2.3 The Council has decided to set out the scope of the all schemes on the 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.
- 2.4 The Government intends that this grant scheme widens access to support to businesses that are struggling to survive due to the impact of the pandemic. Local Authorities are asked to make payments as quickly as possible to support struggling businesses. Once applications have been received. Charnwood Borough Council will progress these payments as a matter of urgency but recognise the need to undertake a thorough assessment and appropriate due diligence before grants are paid.
- 2.5 Potential applicants will be/are asked to note that:

Businesses that have already received grant payments that equal the maximum levels of State aid permitted under the de minimis and the Covid-19 Temporary State Aid Framework will not be eligible for these grant schemes. The Council does not have the discretion to vary this position.

Grants under this scheme will be subject to tax in line with the applicant's tax arrangements. For businesses, the Government advises this is only where there is an overall profit for the tax year once this award is included.

Grants awarded under this scheme will not generally affect the Council's business ratings list or any rates charges payable by the recipient.

Notwithstanding this, any applicant who should in fact be added to the rates list will be, which may result in a rates bill.

3.0 Total funding available

3.1 For this latest round of the ARG scheme, the Government has been provided with 'top up' funding of £1.16m. This funding is eligible to be used until March 2022 however, the Secretary of State for Business has advised they expect to see these funds distributed to businesses as soon as possible.

3.2 As per paragraph 26 of the guidance Local Authorities can use this funding for business support activities. The Council will be using the funding to support a range of business activity but envisages that this will primarily take the form of discretionary grants. However, the Council reserves the right to commit a proportion of this funding for wider business support activities should it be viewed that this would be of more benefit.

3.3 As is likely to be the case in the Charnwood area, over subscription to the funding available for this scheme will require local authorities to prioritise which types of businesses will receive funding, the Government states it will be at the local authority's discretion as to which types of business are most relevant to their local economy. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.

3.4 Charnwood Borough Council will be offering a number of business support initiatives to support business as the pandemic restrictions are lifted. In future this is likely to include support for sub-regional initiatives (led by the LLEP) but this decision covers business support to be administered by the Council as follows:

- Business Development & Diversification Fund
- Local Discretionary Support Grant

4.0 Business Development & Diversification Fund

4.1 The fund offers small grants of up to £5,000 to businesses within the Charnwood Borough Council area, who are trading but due to the issues faced by covid-19 are looking to develop or diversify their

current business and/or enable safer working practices. The Fund will be overseen by Charnwood Borough Council. The fund for this scheme is set at £300,000.

4.2 The following guidelines are made in good faith based on the current information we have available from Central Government. We reserve the right to make changes as and when these guidelines develop and will keep you informed of the process.

4.3 Who can apply?

- Businesses in an area governed by Charnwood Borough Council who are small to medium sized enterprises (under 250 FTE employees).
- Needs to have been actively trading since 1st December 2020 and still trading as at the time of application submission.
- Have previously not received the Small Business Recovery Grant (previously) managed via the LLEP Business Growth Hub. Max value was £3k.
- Businesses need to clearly demonstrate in detail the impact that COVID-19 has had on their business such as:
 - Loss of income
 - Lost / reduced customer base
 - Changes to working practices (e.g. temporary closure of business premises, increased remote working, etc.)
 - Reduced workforce (e.g. furloughed staff, redundancies, etc.)
 - Disruption to supply chain, for example an inability to source materials from suppliers

4.4 How will the value of grants be calculated?

The maximum grant award is £5,000. For 1-2-1 specialist advice this is capped at £1,500

4.5 Application Process and Timescale?

4.5.1 The fund will open on 1st June and will close on the 30th June 2021. Applications received after this date will not be considered. The Council invites applications via its website www.charnwood.gov.uk Any applicant who is unable to apply via the website should contact DFG@charnwood.gov.uk to request support in completing an application

4.5.2 Applications will usually be accepted for a 4-week period after which the scheme will close. Potential applicants should assume that this window will not be extended, although the Council reserves the right to do so.

4.5.3 Applicants would also be asked to confirm that by accepting payments they are in compliance with State Aid rules, that to the best of their

knowledge they are eligible for the scheme, and acknowledge that the council reserves the right to recover any funding made in error or as the result of misleading information being submitted and that they are happy for their information to be stored in adherence to the relevant GDPR regulations.

- 4.5.3 Along with the application form, applicants will be required to submit a fully detailed and itemised quote(s) for all goods / services they are looking to purchase. These must be from verified / established companies and whose main business is the supply of these goods or services. We are unable to accept quotes from Ebay or similar websites; or third-party organisations or intermediaries or organisations that have a conflict of interest with the business applying.
- 4.5.4 All applications will be checked for completeness and eligibility against the guidelines. If your application is incomplete or ineligible it will be rejected, and we will send you an e-mail outlining the reason(s). We are unable to progress incomplete or ineligible applications.

4.6 What can the grant be spent on?

4.6.1 The revenue grant can only be spent on the following type of activity:

- 1-2-1 specialist advice to address the immediate needs of the business in response to the impact of COVID-19, e.g. HR, accountants, legal, marketing, financial, H&S, IT / digital or sector specialists etc. and / or
- purchase of minor equipment to adapt business processes to the impact of COVID-19 particularly in relation to health and safety/ cleanliness/ social distancing requirements, e.g. wash station, disinfectant fogging machine; hands free thermometer; and/ or
- new technology enabling the business to continue delivering business activity or diversify in response to COVID-19, for example developing online/ e-commerce platforms, contactless payment systems, websites, software development, 'click and collect' services.
- Improvements and investment to business premises.

4.6.2 These costs/ activities need to be new to the organisation and not ongoing revenue costs (such as staff costs, recoverable VAT, rental costs, etc)

4.7 Assessment / decision-making process

Application will be assessed by the Evaluation Panel who will review aspects such as demonstration of COVID-19 impact on the business, eligibility of proposed activities, proposed expenditure that supports the development/ diversification of the business following the impact of COVID-19. All applications will have due diligence checks as part of

the application assessment process to ensure compliance. This will include aspects such as company status, financial details, trading history etc.

- 4.7.1 Grants will be awarded on a first come first served basis based on the date of receipt of a fully completed and eligible application until the available funding is committed. Incomplete applications will not be considered as received until all of the supporting information has been provided.
- 4.7.2 After you have purchased the goods/services you will be required to submit copies of the evidence of eligible expenditure.
- 4.7.3 The Council reserves the right to clawback grant payments from businesses if the terms of the grant award have not been complied with.
- 4.7.4 There is no right to appeal, and the decision of the Council is final. The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy

5.0 Local Discretionary Support Grant (LDSG)

5.1 Who can apply?

- 5.1.2 For the LDSG, the Council will prioritise businesses in the following sectors:
 - small and micro suppliers to the leisure, hospitality, events, and accommodation sectors, which usually derive at least 40% of their revenues from these sectors.
 - Mobile/home based businesses which do not have a business rates account, that were forced to stop trading under the previous restrictions
- 5.1.3 In order to assess against this CBC has set up an application process that applicants will be required to complete.

6.0 Application Process and Timescale

- 6.1 The application process will open on 7th April and close once all funding has been allocated. The Council invites applications via its website www.charnwood.gov.uk Any applicant who is unable to apply via the website should contact DFG@charnwood.gov.uk to request support in completing an application
- 6.2 All applications will be checked for completeness and eligibility against the guidelines. If your application is incomplete or ineligible it will be rejected, and we will send you an e-mail outlining the reason(s). We are unable to progress incomplete or ineligible applications. Information provided to support an application after the 2-week period will not be considered.

6.3 Along with the application form, applicants will be required to submit evidence with their application to demonstrate the following:

- A fall of at least 25% of the income due to the COVID-19 crisis
- Ongoing fixed business-related costs
- Identification of the business and the person making the application
- Evidence of trading for the required period
- Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc.
- Whether any other grants or financial support has been received previously

7.0 Assessment / decision-making process

7.1 The Council will individually assess and validate applications as they are received and may request further information should it be required. The pre-payment checks will include confirming eligibility, checks against Companies House and other government websites.

7.2 Applicants would also be asked to confirm that by accepting payments they are in compliance with State Aid rules, that to the best of their knowledge they are eligible for the scheme, and acknowledge that the council reserves the right to recover any funding made in error or as the result of misleading information being submitted and that they are happy for their information to be stored in adherence to the relevant GDPR regulations. The Council's website will require applicants to confirm acceptance of various compliance statements through tick boxes.

7.3 All applications will be checked for completeness and eligibility against the guidelines. If your application is incomplete or ineligible it will be rejected, and we will send you an e-mail outlining the reason(s). We are unable to progress incomplete or ineligible applications. Information provided to support an application after the 2 week period will not be considered.

7.4 The Council will undertake written post payment assurance around compliance, in particular State Aid as per the request set out in the guidance provided by national government for post payment monitoring and reporting

7.5 There is no right to appeal, and the decision of the Council is final. The Council's interpretation of this document is at its own discretion and it will be the final arbiter of the definitions contained within this policy

8.0 How will the value of grants be calculated?

8.1 Charnwood Borough Council has determined that the value of any grants awarded will be in the following bandings:

For small and micro suppliers to the leisure, hospitality, events and accommodation sectors, which have a business rates account, and which usually derive at least 40% of their revenues from these sectors:

Eligible businesses will receive:

- £5,000 for businesses with a rateable value of £15,000 or under. This also includes businesses in shared spaces, where the business is not the direct ratepayer.
- £7,500 for businesses with a rateable value between £15,001 and £50,999
- £10,000 for businesses with a rateable value of over £51,000 and above.

Mobile/home based businesses which do not have a business rates account, that were forced to stop trading under the previous restrictions:

- A fixed grant of £1,000 per eligible applicant is available

For all business types, if the value of the grant awards may be pro rata'd should the qualifying number of applications exceed the funding pot available.

8.2 As allowed within the guidance, the Council reserves the right to award a higher level of funding to support larger businesses that are important to our local economy. This allocation will be determined on a case by case basis.

8.3 Grants will be awarded on a first come first served basis based on the date of receipt of a fully completed and eligible application until the available funding is committed

8.4 We reserve the right to modify and/or withdraw each grant award and its associated conditions, particularly to ensure that public money is spent well. This may be in response to changes in national legislation, local economic and health conditions, and changes in funding circumstances.

9.0 Managing the Risk of Fraud

9.1 The Council and the Government will not accept deliberate manipulation and fraud. Any business or person caught falsifying their records or the information submitted to gain a grant award will face prosecution and any funding issued will be subject to clawback, as may any grants paid in error.

9.2 The Government's grants management and counter fraud functions will provide local authorities with access to 'Spotlight', a digital assurance tool. This tool will also assist the Council with pre and post payments assurance, including identification of high-risk payments. There will also be joint working across councils and government departments in preventing fraud.

8.3 The Council also reserves the right to use any details submitted by businesses to check against national records and databases to highlight any potentially fraudulent activity.

9.0 Policy Review

9.1 This policy has been written in line with Government guidance. It will be subject to dynamic review as circumstances dictate and in line with future clarifications and changes that may be announced by the Government.

Strategic Director of Environmental & Corporate Services

Charnwood Borough Council

4 May2021

