

## Decision under Delegated Powers

### Officer Making the Decision

Strategic Director of Corporate Services

### Recommendation

That the policy for the operation of the Charnwood Discretionary Grant Fund 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



3 June 2020

## **Background**

In response to the Coronavirus, on 11 March 2020 the Government announced support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. The Council expects to be able to support around 2,850 rate-paying businesses, charities and other organisations in the Borough from these funds. These original schemes remain open for any eligible ratepayers that have not yet claimed.

On 1 May 2020, the Government announced the **Local Authority Discretionary Grants Fund (DGF)**, and subsequently published guidance for local authorities. Subsequent iterations of the guidance plus a set of 'FAQ's' were issued in week commencing 24 May 2020.

The Council's policy in respect of the Charnwood DGF is set out at Appendix A, and approved by dint of this decision.

## **Financial Implications**

The cost of the DGF grants are fully funded by government; the Council has been allocated a fixed amount of £1.6m.

The government note that the Council will receive new burdens funding to cover the costs of administering the fund; however, in general, DGF 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 DGF 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 26 May 2020

Background Papers: None

Appendix A Charnwood DGF policy

## **APPENDIX A**

# **CHARNWOOD BOROUGH COUNCIL** **DISCRETIONARY BUSINESS GRANTS FUND POLICY**

**NOTE: APPLICATIONS MUST BE RECEIVED BY 0800 MONDAY 22 JUNE  
2020**

### **1. Background to business grants**

In response to the Coronavirus, on 11 March 2020 the Government announced support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. The Council expects to be able to support around 2,850 rate-paying businesses, charities and other organisations in the Borough from these funds. These original schemes remain open for any eligible ratepayers that have not yet claimed.

On 1 May 2020, the Government announced the **Local Authority Discretionary Grants Fund**, and subsequently published guidance for local authorities. The ensuing paragraphs sets out the local policy relating to this grants fund in respect of Charnwood Borough Council.

### **2. The Local Authority Discretionary Grants Fund**

On 1 May 2020, the Government announced the Local Authority Discretionary Grants Fund as set out below.

<https://www.gov.uk/government/news/top-up-to-local-business-grant-funds-scheme>

On 13 May 2020, the Government published the first version of the guidance for local authorities. This confirmed that the additional fund is aimed at small businesses and charities who were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. The extant version of the government guidance can be accessed using the following link.

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

The fund for Charnwood is being managed by Charnwood Borough Council (the 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.

The Government intends that this grant scheme widens access to support to businesses who are struggling to survive due to the Corona virus shutdown but are unable to access other grant funding. Local authorities are asked to make payments as quickly as possible to support struggling businesses. The Council anticipates that payments will be made in the latter part of June. Potential applicants are asked to note that:

- The Government and the Council encourages businesses to take advantage of other Government support schemes where applicable. 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 once this award is included.
- Grants awarded under this discretionary 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 be in fact be added to the rates list will be, which may result in a rates bill. This may also result in a grant being claimable from the Small Business Grant Fund or the Retail, Leisure and Hospitality Grant Fund, rather than this discretionary fund. Such grants are of fixed value of £10,000 or £25,000 and are likely to be higher than a discretionary grant.

### **3. Total funding available**

The Government has set each council's funding allocation as 5% of the expected spending on the original Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund funding envelope. The Council's allocation is £1.65 million and for the purposes of administering the Discretionary Grants Fund ('DGF') it is assumed that this is a fixed sum.

The limits to the funding available for the DGF require local authorities to prioritise which types of businesses will receive funding which the Government states will be at the local authority's discretion.

### **4. Who may benefit from the Charnwood Borough Council DGF?**

As set out by the Government discretionary 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. (see *definitions table at the end of the section*)
- 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.

In the Charnwood local scheme consideration will also be given to applications in exceptional circumstances where the rateable value is over

£51,000. Applications will therefore be accepted for evaluation where the rateable value or annual rent is up to £100,000.

#### 4.1 National priorities

The Council will prioritise the following types of businesses for grants, as requested nationally by the Government:

- **Small businesses in shared offices or other flexible workspaces.** Examples could include units in industrial parks, science parks and incubators *which do not have their own individual business rates assessment and rates bill*. However, businesses operated from residential property (with the exception of Bed & Breakfast establishments as below) will not be eligible for a grant.
- **Regular market traders with fixed building costs**, such as rent, *who do not have their own business rates assessment*. Generally, this is considered to mean traders with fixed units rather than those who rent stalls by the day, as is the case for markets in Charnwood; however, the Council wishes to recognise its regular traders and allow them to participate in the DGF.
- **Bed & Breakfast establishments which pay Council Tax instead of business rates** (rated premises being eligible under the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund). The Council does not wish to prioritise rooms and premises available through Airbnb and similar channels, and such businesses will not be eligible for a grant under the Council's DGF.
- **Charity properties in receipt of charitable business rates relief** which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief. Essentially, this is for charitable premises with a rateable value of £15,000 or below, which were not eligible for the Retail, Leisure and Hospitality Grant Fund. The Council does not wish to prioritise schools, colleges or similar educational establishments and these will not be eligible for a grant under the Council's DGF (although charities catering for pre-school children *will* be eligible).

#### 4.2 Local additional priorities

Having addressed the national priorities the Council wishes to use any residual funding to support businesses that:

- Maintain and support employment in Charnwood
- Make a direct contribution to the communities of Charnwood through the provision of health, welfare or community support services
- Have relatively high on-going fixed property costs

- Can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
- Independent locally owned businesses with a longstanding commitment to Charnwood

### **Definitions – small and micro businesses**

To be a **small business**, under the Companies Act 2006, a business must satisfy two or more of the following requirements in a year:

- Turnover: Not more than £10.2 million
- Balance sheet total: Not more than £5.1 million
- Number of employees: a headcount of staff of less than 50

To be a **micro business**, under the Companies Act 2006, a business must satisfy two or more of the following requirements:

- Turnover: Not more than £632,000
- Balance sheet total: Not more than £316,000
- Number of employees: a headcount of staff of not more than 10

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

## **5. EXCLUSIONS: Who CANNOT benefit from the discretionary scheme?**

This grant funding is for businesses that are **not eligible** for other support schemes.

Such grant / support schemes as prescribed by the Government include but are not limited to:

- Small Business Grant Fund
- Retail, Hospitality and Leisure Grant

*Both of these are still open for claims to the Council from eligible ratepayers.*

Also:

- The Fisheries Response Fund
- Domestic Seafood Supply Scheme
- The Zoos Support Fund
- The Dairy Hardship Fund

*All of the above four are administered nationally and are not expected to have significant impact in Charnwood.*

The Government has also prescribed that:

- Businesses that were not trading on 11 March 2020 are not eligible for this scheme.
- Companies in administration, are insolvent or where a striking-off notice has been made are not eligible for funding.
- For the avoidance of doubt, businesses who have applied for the Coronavirus Job Retention Scheme may apply for the Council's DGF.
- Similarly, recipients of the Self Employed Income Support Scheme may also apply for the Council's DGF

## **6. Application process and timescale**

The Government recognises that local authorities will need to run some form of application process as the potential beneficiaries may not be known directly by the local authorities.

Summarising the previous sections, applications are invited from businesses and charitable organisations, not previously in receipt of a Small Business Grant, or a Retail, Hospitality and Leisure Grant that meet the following general criteria:

*Size of business*

- Businesses that fall within the definitions of a small or micro business, as set out in Companies Act 2006
- Charities that would also fall within the definitions of a small or micro business, as set out in Companies Act 2006

*Property occupation*

- Businesses that occupy property that has a rateable value, or annual rental, of a maximum value of £100,000 (although the Council will make awards only in exceptional circumstances for those businesses which occupy a property with a rateable value or annual rental of above £51,000).
- Charities that occupy property that has a rateable value, or annual rental, of a maximum value of £51,000.

Or

- Regular traders on Charnwood markets who had an account with the Council on 11 March 2020 (who will not have to demonstrate any property occupation)

The Council invites applications via its website.

Any applicant who is unable to apply via the website should contact the customer services team for advice.

Applications can be made online at any time up to 0800 on Monday 22 June 2020. **Potential applicants should assume that this window will not be extended**, although the Council reserves the right to do so.

The Council's website will set out the information required from applicants, which will be the minimum reasonably required to establish eligibility and enable a fair and equitable assessment of grant entitlement. Applicants will be asked to evidence or demonstrate the following:

- Compliance with the scheme eligibility requirements
- Ongoing fixed property-related costs
- Identification of the business and the person making the application
- Evidence of trading at 11 March 2020
- Evidence that the bank account into which any grant will be paid properly relates to the business, charity, etc.

Depending on the status of the applicant applicants may also be asked to demonstrate:

- A significant fall in income due to the COVID-19 crisis
- Number of jobs directly supported by the business or charity
- Any claimed contribution to the communities of Charnwood through the provision of health, welfare or community support services

The Council will individually assess and validate applications as they are received and may request further information and validation. The pre-payment checks will include confirming eligibility and that by accepting payments the would-be recipients confirm they are in compliance with State Aid rules. The Council's website will require applicants to confirm acceptance of various compliance statements.

The Council will undertake written post-payment assurance around compliance, in particular, State Aid.

Once the application window has closed, the Council will conclude the assessment process, determine the successful applicants and the level of funding to be awarded. Payments will start as soon as possible. Further detail is given in section 7.

#### *Appealing against grant award decisions*

There will be no automatic right of appeal against a decision not to award a grant, or against the value of any grant. However, the Council may at its discretion reconsider any refusal or grant value if there is clear evidence that a significantly wrong decision may have been made.

## **7. Allocation of Charnwood Borough Council DGF**

The Government's DGF guidance note allows the Council to award grants of £25,000, £10,000 or 'up to £10,000'. However, as the funding available to the Council is fixed and the demand is unknown, the value of grants cannot be determined until the application window has closed and all applications have been assessed.

As a guide, the Council intends that the available funding of £1.65 million will be distributed as follows:

CATEGORY	ALLOCATION
Small businesses in shared offices or other flexible workspaces	Maximum £500,000
Regular market traders	Maximum £20,000
Bed & Breakfast establishments which pay Council Tax	Maximum £50,000
Charity properties in receipt of charitable business rates relief	Maximum £250,000
Contingency (5%)	£80,000
Local Priorities	Residual Balance

Within each of the above categories the Council envisages awarding grants as follows:

### *Small businesses in shared offices or other flexible workspaces*

Qualifying businesses demonstrating annual rental costs of £15,000 or below will be awarded a grant of £10,000, in line with small businesses qualifying for a grant from the Small Business Grant fund.

Please note that the definition of shared offices excludes businesses which trade from personal residences for the purposes of the Council's DGF.

Where an award of £10,000 to each qualifying business would result in the category allocation of £500,000 being exceeded the actual grant awarded to qualifying businesses will be restricted on a pro rata basis.

For businesses where the annual rental cost exceeds £15,000, but is below £100,000 their application will be considered alongside other businesses within the Local Priority Category.

### *Regular market traders*

Regular market traders – defined as those who held a credit account with us at 11 March 2020 – will be awarded a grant equivalent to two months average monthly stall rentals, using the period 1 January 2020 to 31 March 2020 as the baseline for this calculation.

Amounts owing by traders at 30 April 2020 against invoices issued up to 31 March 2020 will be deducted from the grant payment.

Where the award to each qualifying trader would result in the category allocation of £20,000 being exceeded the actual grant awarded to qualifying traders will be restricted on a pro rata basis.

#### *Bed & Breakfast establishments which pay Council Tax*

Qualifying Bed & Breakfast establishments which pay Council Tax (excluding Airbnb and similar) will be awarded grants as follows based on their most recent full year of trading, as set out in their most recent financial statements or income tax return, as follows:

- |   |               |
|---|---------------|
| • Turnover above £10,000 but below £50,000  | award £2,500  |
| • Turnover above £50,000 but below £100,000 | award £5,000  |
| • Turnover above £100,000                   | award £10,000 |

Where the award to each qualifying business would result in the category allocation of £50,000 being exceeded, the actual grant awarded to qualifying businesses will be restricted on a pro rata basis.

#### *Charity properties in receipt of charitable business rates relief*

Qualifying charities will receive a standard award of £5,000.

Certain charities may be eligible for an enhanced award of up to £10,000 if they can demonstrate that they have a significant local dimension (ie. they are predominantly locally based) and contribute to the communities of Charnwood through the provision of health, welfare or community support services.

Awards will be restricted to one per individual charity.

Where the award to each qualifying charity would result in the category allocation of £250,000 being exceeded, the actual grant awarded to qualifying charities will be restricted on a pro rata basis.

#### *Local priorities*

As described in Section 4, above, any residual grant funding will be awarded to qualifying businesses demonstrating some or all of the characteristics listed below.

- Maintain and support employment in Charnwood
- Make a direct contribution to the communities of Charnwood through the provision of health, welfare or community support services
- Have relatively high on-going fixed property costs
- Can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
- Independent locally owned businesses with a commitment to Charnwood

In assessing applications the Council will also take into account the ability of businesses to introduce home working to mitigate the impact of COVID-19; generally the Council considers that professional service or clerically based businesses would be able to operate near normally by the introduction of home working.

The Council will award grants based on the number of qualifying businesses applying, the extent to which each meets the above criteria and the total of residual funding available to make the allocation.

#### *Contingency funding*

The Council will review the use of the contingency as more experience of the discretionary scheme is gained.

It should be noted that the Council reserves the right to vary allocations in the light of the results of the application process and generally exercise discretion in the award of grants.

### **8. Managing the risk of fraud**

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

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.

### **9. Policy review**

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 Corporate Services*

*Charnwood Borough Council*

*2 June 2020*