

## **Somerset West and Taunton Council**

### **Full Council – 7 July 2020**

#### **Decisions taken under the urgency rules regarding the Discretionary Business Grants Schemes**

**This matter is the responsibility of Executive Councillor Member Marcus Kravis**

**Report Author: Richard Sealy, Assistant Director - Customer**

#### **1 Executive Summary**

- 1.1 This report details decisions taken on 26 May 2020 and 8 June 2020 by the Chief Executive under the urgency rules contained within paragraph 5 of the Budget and Policy Framework within the Council's Constitution. The Decisions are attached as Appendices A & B.
- 1.2 In summary, both decisions related to agreeing schemes and eligibility criteria for the award of discretionary grant funding for businesses using £2.1m (or 5%) of the funding originally provided by the Government for the Covid 19 related Small Business and the Retail, Hospitality & Leisure grant schemes.
- 1.3 The Government outlined their expectation when providing this funding that local authorities should have schemes in operation by early June in order to quickly get funding to businesses.
- 1.4 There was insufficient time to develop, build and agree our local schemes through the normal democratic processes as doing so would have significantly delayed our ability to get vital funding to businesses. The schemes were therefore agreed under the urgency provisions by the Chief Executive with the consent of the Chair of Scrutiny. The relevant Portfolio Holder, Cllr Kravis, was consulted on the content of the schemes.
- 1.5 The Constitution provides that, where urgent decisions are taken, a full report is made to the next available Council meeting to explain the decision, the reasons for it and why it had to be treated as a matter of urgency.
- 1.6 I would also like to take this opportunity to thank Members for the invaluable help you have provided in contacting businesses in your wards to encourage them to claim grants and to help to resolve issues.
- 1.7 There are no direct climate implications arising from these decisions.

## **2 Recommendations**

- 2.1 Council are asked to note the decisions made.

## **3 Risk Assessment**

- 3.1 The key risk both we and Government are trying to mitigate through the award of grant funding is the damage to the local economy and community resulting from businesses ceasing to trade as a result of the financial impact of Covid 19. Consequently it was vital that our local discretionary schemes were brought into operation quickly, that the funding was directed to the categories of business identified as priorities by Government, as well as to any locally identified priorities.

## **4 Background and Full details of the Report**

### ***The Small Business & Retail, Hospitality & Leisure Grant Schemes***

- 4.1 In March 2020 Government announced that they were going to provide local authorities with grant funding to help specific categories of 'businesses' (small, retail, hospitality and leisure businesses).
- 4.2 Funding of circa £48m was provided to us together with guidelines for operating two specific grant schemes - the Small Business Grant Scheme and the Retail, Hospitality & Leisure Grant Scheme. These schemes provided for payments of either £10k or £25k dependent on the rateable value of the business rated property.
- 4.3 The eligibility criteria for both schemes was prescribed by Government. Central to this criteria was the need for qualifying 'businesses' to be registered Business Ratepayers. (NB. To date we have been very successful in administering these schemes and have paid out £38.7m to over 3,200 qualifying ratepayers).
- 4.4 These schemes were necessarily developed and implemented quickly in response to the developing Covid 19 emergency. Unsurprisingly it became apparent that there were businesses who fell outside the eligibility criteria, but were in financial difficulty. Additionally, it became apparent that many local authorities (including SWT) were unlikely to spend all of the grant funding due to their being fewer businesses eligible to receive those grants than had been estimated.
- 4.5 Consequently on 1 May 2020 the Government announced their intention to allow local authorities to use a proportion of the grant funding to make awards under a discretionary grant scheme. (NB. This proportion was 5%, but of a reduced estimate of funding requirements).

### ***The Discretionary Grant Guidelines***

- 4.6 Nothing further was received from Government regarding this newly announced scheme until 13 May 2020 when we received the initial guidance for the Discretionary Grant Scheme together with confirmation that our funding allocation for this was £2.1m. This guidance can be viewed at:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/887310/local-authority-discretionary-fund-la-guidance-v2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887310/local-authority-discretionary-fund-la-guidance-v2.pdf)
- 4.7 Whilst the guidance provided for some discretion a number of key qualifying criteria were prescribed by Government and had to be included within our scheme e.g.

- Businesses had to be trading on 11 Mar 2020
- Businesses must be able to demonstrate a significant loss of income due to Covid 19
- Businesses had to have relatively high fixed property-related costs
- Businesses were excluded if they had already received small business or retail, hospitality & leisure scheme grants or monies from a number of other grant schemes, although not the self-employed or furlough schemes

4.8 In addition Government also asked to prioritise payment to a number of specific groups

- Small businesses in shared workspaces
- Regular market traders
- Bed & Breakfasts where they pay Council Tax & not Business Rates
- Certain charity properties

4.9 Payment amounts were limited to specific amounts of either £25k, £10k or any amount below £10k, but we were advised that Government's expectation was there would be a greater proportion of sub £10k payments.

***Key considerations in developing our Discretionary scheme***

4.10 We hold very little data regarding these four types of businesses, which the Government want us to prioritise, as they are largely outside of the Business Rates system. We were unable to predict likely take-up and consequently did not know whether we had sufficient funding to go wider than the categories prioritised by Government. Therefore to begin with we decided to target the scheme at the Government priorities only, but with a view to reviewing this if we were clearly going to have surplus funding.

4.11 We considered whether to make payment on a first come first served basis or to invite applications over a two week period, delay assessing claims until the end of the two weeks and then divide the pot. On balance we concluded that the first come first served basis was better as it allowed us to start making payments quickly and kept the number of claims manageable.

4.12 We had to develop our own definitions for elements of the prescribed eligibility criteria (e.g. an amount for fixed property related costs, what constitutes a bed and breakfast, what constitutes a significant loss of income) and build these into the application process. In practice we set the property related costs at £200 per month and loss of income at 20% or greater than the corresponding time last year, or against pre-pandemic periods this year, where the business was relatively new.

4.13 We were conscious that we needed to simplify the application process as much as possible to facilitate quick payment. Consequently we are allowing claimants to make declarations for elements of the process (e.g. their income figures during the COVID lockdown), but also required documentary evidence to confirm things such as bank account details and the fact that they are paying the fixed property-related costs which they claim to be making.

- 4.14 We are undertaking third party verification by way of CIFAS (a not-for-profit organisation working to reduce and prevent fraud and financial crime in the UK) and Experian to identify potential fraud cases, as well as involving our internal auditors, SWAP, at relevant points in the process.
- 4.15 Our Economic Development colleagues contacted their counterparts within the other Somerset authorities with a view to ideally agreeing an aligned approach across Somerset. In practice this proved very challenging given the timescales so we were only able to get a limited degree of alignment with Sedgemoor and Mendip regarding the amounts payable.
- 4.16 Our scheme was developed in consultation with the Portfolio Holder. Corporate Scrutiny were also provided with an informal verbal overview of the initial proposed scheme.

### ***Key elements of the SWT Discretionary Grant Scheme***

- 4.17 The original full scheme is detailed at Appendix C to this report.
- 4.18 The key elements of initial the scheme are as follows:
- Only open to the priority categories of business requested by Government
  - Payments made on a first come first served basis & payments are limited to the available funding
  - An initial two week application window ran from Mon 1 Jun 2020
  - The application and payments process is entirely electronic
  - The amounts payable are detailed below and broadly align with two of the other three Somerset districts

<b>Business Type</b>	<b>Grant Award</b>
<b>Charity properties</b> in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.	<b>£10,000</b>
<b>Bed &amp; Breakfasts</b> which pay Council Tax instead of business rates	<b>£2,500</b>
<b>Regular market</b> traders with fixed property-related business costs who do not have their own business rates assessment	<b>£2,000</b>
<b>Small businesses in shared spaces</b> - which do not have their own business rates assessment	<b>£7,500</b>

- 4.19 To date we have paid out £692k under this scheme to 98 qualifying businesses. Most of this money has gone to businesses in shared spaces. We have received 105 applications, which we have had to decline because they do not meet the eligibility criteria. Again, these mostly relate to businesses in the shared spaces category. Common factors for their not qualifying include being unable to demonstrate a loss of income, operating from home or from a vehicle (e.g. driving instructors, taxi drivers, travelling sales person), not meeting the fixed property cost requirement or having already claimed for a Small Business Grant or Retail, Hospitality & Leisure Grant.

### ***The Extended Discretionary Scheme***

- 4.20 It became apparent during the second week of operating the initial discretionary scheme that we were likely to be left with a significant surplus of funding. Consequently we developed, in consultation with the Portfolio Holder, an extended discretionary scheme. Again, speed was essential to meet Government's expectations so a further urgent decision was made by the Chief Executive with the consent of the Chair of Scrutiny.
- 4.21 Full details of the extended scheme are included at Appendix D.
- 4.22 We have now opened a further two week application window (from 15 June 2020) for both the original discretionary scheme (the priority 1 categories) and additional categories of businesses split into priorities 2 and 3.
- 4.23 The extended scheme is still bound by the same Government prescribed criteria and continues to include the four business types which the Government has asked us to prioritise. However, we have widened the scope to include Businesses within the Retail, Leisure & Hospitality sector which do not qualify for the Retail, Leisure & Hospitality Grant (as these are generally significant employers and are vital to the vibrancy of our town centres and communities) registered child care nurseries (which will play a vital role in enabling working parents to return to work) as well as any other rated businesses with a rateable value up to £120,000.
- 4.24 By widening the scheme to include support for businesses with rateable premises we are not only directly helping the business concerned and their employees but are also indirectly helping commercial landlords by improving the likelihood of their premises remaining occupied and generating rent.
- 4.25 We have created an additional two priority categories of businesses in addition to the original discretionary scheme (priority 1) categories:
- Priority 1 – businesses qualifying under the original Discretionary Scheme (We will continue to process & pay on a first come first served basis)
  - Priority 2 - businesses in the retail, leisure & hospitality sector with RV's up to £120,000, as well as registered child care nurseries that qualify for the Nursery Discount on their rates bill. (We will process these applications upon receipt alongside priority 1 applications on a first come first served basis)
  - Priority 3 - other businesses with RV's up to £120,000. (We will process these applications on a first come first served basis, but ONLY after the application window has closed and we have processed all of the Priority 1 and 2 applications and providing we have sufficient funds remaining)
- 4.26 The amounts payable under the extended scheme are set out below:

<b>Business Type</b>	<b>Grant Award</b>
<b>Priority 2 applications</b>	
Businesses in the retail, hospitality and leisure sector with a rateable value under £15,000	<b>£10,000</b>
Businesses in the retail, hospitality and leisure sector with a rateable value	<b>£25,000</b>

between £15,000 and £120,000	
Registered childcare nurseries in receipt of nursery discount on their business rates bills.	<b>£10,000</b>
<b>Priority 3 applications</b>	
Businesses or organisations in other sectors with rateable values up to £120,000	<b>£5,000</b>

- 4.27 Should we still have significant funding remaining at the end of the current two week claims window we will need to consider a further extension of the scheme.
- 4.28 Whilst we have tried to maximise the help we can provide, inevitably, within the constraints of limited funding, prescribed eligibility criteria and Government priorities, we have not been able to help every type of business. There remain however a range of other funding streams that most businesses can potentially access.

## **5 Links to Corporate Strategy**

- 5.1 The effective and quick distribution of grant funding supports the economic and community objectives in our strategy.

## **6 Finance / Resource Implications**

- 6.1 The grant funding is provided by Government and they will also be providing new burdens funding to help towards the administration costs. The discretionary schemes have been designed in such a way as to limit the availability of grants to the funding provided by Government.

## **7 Legal Implications**

- 7.1 The decision making process for agreeing the schemes is in alignment with the Constitution. The schemes clearly state that our decision around individual awards is final.

## **8 Climate and Sustainability Implications**

- 8.1 There are no specific climate or sustainability implications relating to these decisions.

## **9 Safeguarding and/or Community Safety Implications**

- 9.1 There are no direct safeguarding or community safety implications relating to these decisions, although our schemes are enabling us to provide financial support to help maintain a number of charities and organisations such as child nurseries.

## **10 Equality and Diversity Implications**

- 10.1 There are no specific equality and diversity implications relating to these decisions, but the schemes are allowing us to provide financial support to a number of local charities.

## **11 Social Value Implications**

- 11.1 There are no specific social value implications relating to these decisions. However, the discretionary grant schemes have been designed to target funding at small locally based businesses.

## **12 Partnership Implications**

- 12.1 There are no specific partnership implications relating to these decisions. However, we have worked closely with organisations such as the Taunton Chamber of Commerce and Minehead Bid Group in order to publicise the availability of grants.

### **13 Health and Wellbeing Implications**

- 13.1 The grant funding is specifically intended to support businesses and help them to survive through very uncertain times. This has positive knock-on benefits for the employees of those businesses and the wider community. Our local qualifying criteria has been defined with this in mind.

### **14 Asset Management Implications**

- 14.1 There are no asset management implications relating to these decisions.

### **15 Data Protection Implications**

- 15.1 There are no specific data protection implications relating to these decisions.

### **16 Consultation Implications**

- 16.1 The timescales requested by Government prohibited any significant consultation. However, both discretionary schemes were developed in conjunction with the Portfolio Holder.

### **16 Scrutiny Comments / Recommendation(s)**

- 16.1 These decisions were taken under the urgency rules within the Constitution and, as such, were not formally considered by Scrutiny. In accordance with the Constitution the Chair of Scrutiny was consulted regarding the requirement for urgent decisions and consented to both decisions being made by the Chief Executive.

#### **Democratic Path:**

- **Scrutiny / Corporate Governance or Audit Committees – No**
- **Executive – No**
- **Full Council – Yes**

**Reporting Frequency:** ☐ Once only

#### **List of Appendices**

Appendix A	<b>Record of Decision taken by Chief Executive dated 26 May 2020</b>
Appendix B	<b>Record of Decision taken by Chief Executive dated 8 June 2020</b>
Appendix C	<b>The initial SWT Discretionary Grant Fund Scheme</b>
Appendix D	<b>The Extended SWT Discretionary Grant Fund Scheme</b>

#### **Contact Officers**

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