

<b>Report to:</b>	Cabinet	<b>Date of Meeting:</b>	25 June 2020
<b>Subject:</b>	Business Discretionary Grants		
<b>Report of:</b>	Head of Economic Growth and Housing	<b>Wards Affected:</b>	(All Wards);
<b>Portfolio:</b>	Cabinet Member Regeneration & Skills		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

### Summary:

To inform members, in accordance with the Constitution of the Council, of the decision of the Leader of the Council to exercise his powers to make urgent decisions because of the necessity to deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response in Sefton.

### Recommendation(s):

That Members note:

- (1) the report and the necessity for the Leader of the Council to exercise his powers under the Council's Constitution to make urgent decisions to deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response in Sefton
- (2) the specific grant criteria set out in Appendix A

### Reasons for the Recommendation(s):

To inform members, In accordance with the Constitution of the Council, of the decision of the Leader of the Council to exercise his powers to make urgent decisions because of the necessity to deliver emergency grant funding to Sefton businesses as part of the Government's Covid19 response as to delay would cause them further financial hardship and distress.

### Alternative Options Considered and Rejected: (including any Risk Implications)

Delay approval of the scheme until the date of this Cabinet meeting-This was rejected as to delay any further would have caused business recipients further financial hardship and distress and potentially place many businesses at risk of contraction or closure.

### What will it cost and how will it be financed?

#### (A) Revenue Costs

There are no financial implications for Sefton Council. The fund is being delivered under Section 1 of the Localism Act 2011. The government has allocated an additional 5% to that identified for the previously announced Business Grants Schemes. For Sefton this amounts to £2,237,000. New Burdens funding maybe available to support the Council in meeting the cost of the administration of the scheme

**(B) Capital Costs**

None

**Implications of the Proposals:**

<p><b>Resource Implications (Financial, IT, Staffing and Assets):</b></p> <p>A team led by InvestSefton and including staff from Sefton@Work; Housing; Planning; Taxi Licensing, Corporate Resources and Customer Services and Regeneration will administer the scheme until all monies are expended.</p>
<p><b>Legal Implications:</b></p>
<p><b>Equality Implications:</b></p> <p>The Council is not seeking to make specific allocation of funding based on protected characteristics or on any specific analysis of need – this is emergency funding and the time taken to appraise the issues or need would result in a greater number of business failures.</p> <p>However, by seeking to protect jobs, this fund seeks to support people who would otherwise fall into poverty and economic exclusion. Equally, the groups most dramatically affected by the potential for economic decline created by large scale business failure will be the borough’s most excluded.</p>

**Contribution to the Council’s Core Purpose:**

<p>Protect the most vulnerable:</p> <p>By seeking to protect businesses and jobs, this fund seeks to support people who would otherwise fall into poverty and economic exclusion. Equally, the groups most dramatically affected by the potential for economic decline created by large scale business failure will be the borough’s most excluded</p>
<p>Facilitate confident and resilient communities:</p> <p>Grant will help protect and support business sustainability and survival</p>
<p>Commission, broker and provide core services:</p> <p>Grant will help those businesses and organisations seeking to deliver future commissioned or core services</p>
<p>Place – leadership and influencer:</p>

Grant will help protect and support business sustainability and survival
Drivers of change and reform:  N/A
Facilitate sustainable economic prosperity:  Grant will help protect and support business sustainability and survival; will help with re-opening of Sefton economy
Greater income for social investment:  N/A
Cleaner Greener  Grant will help those businesses and organisations supporting this sector

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD6036/20) and the Chief Legal and Democratic Officer (LD4219/20) have been consulted and any comments have been incorporated into the report.

### (B) External Consultations

Consultations and discussions have taken place at LCR Growth Directors and Business Support services; Chambers of Commerce and Federation of Small Businesses.

### Implementation Date for the Decision

Immediately following the Cabinet meeting.

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### Appendices:

The following appendices are attached to this report:

Appendix A- Sefton Business Discretionary Grant criteria

### Background Papers:

1. Business Discretionary Grant Government Guidance (May 2020)

## **1 Introduction**

1.1 On Friday 1<sup>st</sup> May 2020, central government announced that a new scheme - Business Discretionary Grants, will be introduced and would be administered by local authorities. This was supplemented by guidance that was received by all councils shortly after the announcement and subsequently amended by Government on 22 May 2020 (attached as background paper).

1.2 The government has allocated an additional 5% to that identified for the previously announced Business Grants Schemes- for Sefton this amounts to £2,237,000.

1.3 Liverpool City Region (LCR) Local Authority Growth Directors have been meeting to discuss the fund to enable some form of consistency between each respective grant scheme. The Local Authorities (LA's) have broadly followed the Government's approach while recognising each district will have its own unique key business sectors and areas on which to focus the discretionary element.

1.4 Government have asked all LAs to have the scheme up and running in June 2020. Sefton officers have been working up a scheme including the development of an online portal (separate from the existing Small Business Grants portal), guidance, FAQs and application process under the Council's Covid19 Economy Cell.

1.5 This has had to be developed quickly over a three-week period which included a number of late amendments from Government to the overall national criteria and there has been limited time to present a detailed paper to Cabinet. Cabinet Member Regeneration & Skills received a briefing on 1 June. On 5 June officers briefed the Leader to seek approval under special powers in line with the Council's constitution to enable the scheme to be launched week beginning 8 June 2020. This provides an overview of the scheme and the methodology applied to the discretionary element of the fund.

## **2 Overview of scheme**

2.1 The aim of the scheme is to provide support for those businesses or sectors that would not have been eligible for any other of the allocations that have been made available over the last 8 weeks, some of which have received a lot of national publicity. These will be Micro (no more than 10 employees) and small businesses (with less than 50 employees) with ongoing fixed property related costs for whom the pandemic has caused financial hardship.

2.2 The qualifying criteria is:

- Businesses with ongoing fixed building-related costs
- Businesses which can demonstrate that they have suffered a significant fall in income due to the Covid-19 crisis
- Small businesses (Two of: turnover less than £10.2m, balance sheet no more than £5.1m and no more than 50 employees)
- Businesses that were trading as at 11<sup>th</sup> March 2020

- Businesses eligible for existing Government grant schemes (except for the Job Retention and Self Employment Income Schemes) cannot apply

### 2.3 Government have prioritised:

- Small businesses in shared offices or other flexible work spaces e.g. industrial parks, science parks, incubators etc, which do not have their own business rates assessment; Regular market traders who do not have their own business rates assessment;
- B&Bs which pay Council Tax instead of business rates; and
- Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief

### 2.4 There are 3 grants that are available:

- £25,000
- £10,000; and
- £1,000 to £10,000

2.5 Each Local Authority is 'primarily and predominantly' expected to administer the grant programme in accordance with the above but has the discretion to further add to the criteria to reflect local circumstances.

## 3.0 Sefton's Approach

3.1 The Council has no accurate way of determining how many businesses are in shared space in the borough or the level of market trader activity outside of the Council's own markets. However, it is expected the level of B&B demand for the grant will be limited. The Council also has access to information of those Voluntary Sector businesses which have received charitable relief. However, beyond this and similar to other LCR Local Authorities, there are no readily available means of accurately assessing need for additional grant and to investigate this further would only cause delays resulting in potential further business closures and contractions. Given the circumstances, it was as imperative that we closely align and where possible remain consistent with LCR neighbours to minimise exposure to individual LA challenge.

3.2 Following receipt of the central government guidance the following was developed for consideration by the Leader of the Council for the scheme to be launched and progressed.

- (i) Government had already outlined the initial businesses and sectors that this scheme should be directed to. Following discussions with LCR Local Authority colleagues it was agreed to support businesses in these targeted sectors. All will play a key role in their-opening of the local economy and many have been unable to access existing Government grants
- (ii) Following analysis of early impacts of COVID19, and discussions with local business associations, including the Chamber of Commerce and

Federation of Small Businesses, it was also felt that certain businesses in the borough's severely hit retail, leisure and hospitality services sector (particularly the Visitor Economy) should also be supported at the discretion of the council. These are businesses excluded from applying for the existing grant schemes due to having larger rateable values. Consideration was also given to eligible Children's Nurseries who have a rateable value or equivalent of more than £15,000. The latter can be funded under Stream 1 Business Support Grants.

- (iii) A new specific portal has been established on the council's website for applications to be received by the council. This has worked well for the existing business grants scheme and was to be replicated in addition to a dedicated email address. The Councils Contact Centre have been briefed on the new scheme and will be able to direct applicants accordingly
- (iv) The council fully utilised its normal communication channels, e.g. website, social media, local press and also the well -established Invest Sefton networks. A team from services within the Council's Covid19 Economy Cell is administering the scheme. Once grant applications have been assessed by the Grant processing team and approved as meeting the eligibility criteria they will be signed off by the Head of Economic Growth and Housing and Service Manager (Finance). The Service Manager (Business Support & Investment) will also have oversight of the scheme and process to lend further advice and guidance. A daily payment file will be passed to the Finance team for processing through the Bankline system. There will be no appeal process.
- (v) **Appendix A** provides a breakdown of the final Sefton Business Discretionary Grant criteria including the four funding streams, grant levels, budget allocations and rationale.
- (vi) The Leader was asked to pay specific attention to the section of scaled grant payments based on number of people employed by businesses. This includes capping maximum grant levels at £7,500 for streams 1 and 2, £1,000 (Stream 3) and £25,000 (Stream 4). This will help ensure a greater spread of monies across the borough to eligible small businesses. (Over 96% of Sefton businesses fall into this category).
- (vii) Similarly, it was also proposed that given the expected level of demand versus available budget the scheme is limited to one grant per business as opposed to the number of properties a business may have in Sefton. Again, this will allow for a greater share of available grant monies amongst businesses.
- (viii) The Leader was asked to note the speed at which the scheme developed from the Governments' announcement on 1 May and the subsequent changes to criteria right up to 28 May 2020. In Sefton this has also meant

developing a new online Portal that sits outside of the existing Small Business Grants and Retail, Leisure and Hospitality grants scheme.

3.3 Government have advised that the sum allocated is finite therefore it was proposed to allocate grants on a first come first served basis. It was further proposed that the scheme be tested and launched week beginning 8 June 2020.

3.4 In considering the scheme and the discretion that has been given to councils, it was considered inevitable that there will be a degree of publicity and engagement by businesses whether they are those which may be eligible or otherwise, through the contact centre, to officers, members and MP's. This happened with the more prescriptive existing Small Business and RLH schemes, therefore there is no reason to suggest this experience will be different.

3.5 It was therefore recommended that the criteria that are set out, will form a key part of the communications approach and should not be deviated from in order that the evaluation and award of grants is as expedient, prescriptive and objective as possible, to both support businesses and the council.

3.6 The Leader of the Council was asked to:

1. Note the guidance issued by central government to the council on aims of the scheme and those businesses to which financial support should be directed.
2. Approve that in addition to those sectors identified by Government, the council should use its discretion to invite applications from eligible businesses under Stream 4-Visitor Economy Grants
3. Note that Children's Nurseries can apply under Stream1-Business Support grants
4. Approve the Grant criteria outlined in **Appendix A**.
5. Delegate approval to the Executive Director of Corporate Resources and Customer Services and Head of Economic Growth & Housing to review and vire any unspent allocations between each funding two weeks after launch
6. Receive a future update on the scheme following its completion.