

Report to:	Cabinet	Date of Meeting:	30 July 2020
Subject:	Discretionary Business Grants update		
Report of:	Head of Economic Growth and Housing	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regeneration and Skills		
Is this a Key Decision:	No	Included in Forward Plan:	No- The scheme was only introduced on 1 May as an emergency grant fund. Cabinet Member Regeneration & Skills and the Leader of the Council have both approved the proposals reported to Cabinet on 25 June and the subsequent revisions
Exempt / Confidential Report:	No		

Summary:

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

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 revise and 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 revisions 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. This cuts across the purpose and rationale behind the scheme

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 will be available to support the Council in meeting the cost of the administration of the scheme – the level of funding has yet to be determined by the Government

(B) Capital Costs

None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

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.

Legal Implications:

Equality Implications:

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.

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.

Contribution to the Council's Core Purpose:

Protect the most vulnerable:

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

Facilitate confident and resilient communities:

Grant will help protect and support business sustainability and survival

Commission, broker and provide core services:

Grant will help those businesses and organisations seeking to deliver future commissioned or core services

Place – leadership and influencer:

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 (FD6052/20) and the Chief Legal and Democratic Officer (LD4235/20) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Consultations and discussions have taken place with LCR Local Authority Discretionary Business Grant leads

Implementation Date for the Decision

Immediately following the Cabinet Meeting

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Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

1 Introduction

- 1.1 In accordance with the Constitution of the Council the Leader exercised his powers to approve the delivery of emergency Government Covid19 Discretionary Grant funding to businesses at a briefing by officers on 5 June. These actions were reported to Cabinet on 25th June.
- 1.2 One of the decisions was to 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 stream two weeks after launch. The scheme has now been operational since its launch on 11th June and has made the following progress as at 2 July 2020.

Total budget	£2,237,500
No of applications received	330 online applications
Total amount sought	£1,407,000
No of applicants providing supporting evidence	235
No of applications reviewed (including those requiring further evidence/follow up)	210
No of applications passed to stage 2 for final check and payment	96
No of businesses paid	68 paid
Total grants paid	£278,000
No of applications rejected	14 rejected
Total grants rejected	(this will increase) £54,500
Balance of funding remaining if all current applications paid	£885,000

- 1.3 Members will be aware of the speed at which the scheme was developed in order to get as much emergency funding paid to businesses as possible. The scheme was established using Mandatory criteria set out Government with the Council exercising its discretionary powers, in line with official guidance, to allocate 10% of the total £2,237,500 to support businesses in the Visitor Economy, which is considered as being the most severely hit in economic terms as a result of the pandemic.
- 1.4 After the initial influx of applications (111 in first two hours of launch), the scheme has stabilised. Members will be aware that grant levels were based on numbers of employees to make the scheme as expansive as possible and allow greater take up of grants across the borough. However, take up has been surprisingly lower than expected and this has been reflected across other Local Authority areas who are reporting fewer applications than envisaged despite wide coverage of the scheme both locally and nationally. The take up of the higher grant (£7,500) has also been lower than expected with the majority of awards averaging £3,500 going to micro businesses, many only employing small numbers of staff.
- 1.5 Based on the current level of applications there is likely to be a surplus in the region of £900k to £1m of grant. To maximise the allocation of monies available officers have reviewed the application criteria and have identified some changes to grant employment levels and revisions which would support those businesses who marginally fall short of approval but will play a significant role in the re-opening of the economy. The changes are:

(i) **Amend existing grant levels as shown below:**

Full time equivalent jobs	Current Grant Levels	New Grant Levels
1 or less	2,500	3,500
2-4	3,500	5,000
5-9	5,000	7,500
10 to 50	7,500	10,000
Bed & Breakfasts	1,000	3,500
Visitor Economy Grant		
10 to 20	7,500	10,000
21-40	10,000	25,000
40-50	25,000	No change

1.6 Based on current application levels, and considering any that are ineligible or rejected, this would increase the current grant expenditure forecast from £1.3m to £1.9m. Factored into this is the opportunity to ‘top-up’ grants already paid to businesses using the new grant levels.

(II) Extend grant support to businesses in premises who do not pay rent but are able to evidence other fixed costs

1.7 During the review it was noted that many businesses in shared commercial or other community run spaces such as Children’s out of school/early learning centres that have rent free arrangements and unable therefore to evidence a lease or rental agreement. However, they can demonstrate other fixed costs such as utilities; building insurance, business rates and other associated fees. It was felt that based on the current scheme criteria these businesses were being penalised as the focus has been on rental costs and/or commercial leases. By revising this condition, the scheme would be able to assist these businesses.

1.8 Members will be aware that an existing approval of virement of any grant monies between the four streams to meet any shortfall or increased demand to be approved by Executive Director of Corporate Resources and Customer Services and the Head of Economic Growth and Housing.

2 Decision of the Leader of the Council

2.1 The Leader of the Council was asked to exercise his powers under the Council’s Constitution to make urgent decisions because of the necessity to revise and deliver emergency grant funding to Sefton businesses as part of Sefton’s Covid19 response as to delay would cause further financial hardship and distress. In accordance with the Constitution the matter will be reported to the next meeting of the Cabinet on 30 July 2020

2.2 A briefing report was produced and discussed with Cabinet Member Regeneration & Skills on 6 July 2020. The report was approved by the Leader of the Council on 7 July 2020. The report:

- (i) Updated the Leader of the Council and Cabinet Member Regeneration & Skills on progress with the Discretionary Business Grants scheme
- (ii) Sought approval to revise the Discretionary Business Grant scheme to help maximise the take up of available grant funding

2.3 Recommendations

The Leader of the Council was asked to:

- (i) Note progress with the Discretionary Business Grant
- (ii) Approve revisions to the Discretionary Business Grant criteria to help maximise the take up of available grant funding for Sefton businesses, namely:

(A) Amend existing grant levels as shown in below:

Full time equivalent jobs	Current Grant Levels	New Grant Levels
1 or less	2,500	3,500
2-4	3,500	5,000
5-9	5,000	7,500
10 to 50	7,500	10,000
Bed & Breakfasts	1,000	3,500
Visitor Economy Grant		
10 to 20	7,500	10,000
21-40	10,000	25,000
41-50	25,000	No change

- (B) Extend grant support to businesses in premises who do not pay rent but are able to evidence other fixed costs

2.4 Approval was received on 7 July 2020 following briefings to Cabinet Member Regeneration and Skills and the Leader of the Council. Upon this approval officers have:

- Revised Discretionary Grant scheme guidance accordingly and publish an updated version on the Council's application website
- Produced appropriate communications through media/social media and InvestSefton mailing list
- Worked with the Early Years team to promote to those centres located in school or non- domestic premises who can evidence fixed costs
- Introduced a closure date for the receipt of applications of 17 July and will undertake a further review in the event of any underspend
- Vired monies between the four grant streams accordingly with approval from the Executive Director of Corporate Resources and Customer Services and the Head of Economic Growth and Housing.