

Report to:	Cabinet	Date of Meeting:	3 September 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 th June and 30 th July 2020
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:

That 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, be noted

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:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>Staff within InvestSefton are currently administering the remainder of the scheme.</p>
<p>Legal Implications:</p>
<p>Equality Implications:</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>

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 (FD6096/20) and the Chief Legal and Democratic Officer (LD4278/20) 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 has exercised his powers to approve the delivery of emergency Government Covid19 Discretionary Grant funding to businesses. These actions were reported to Cabinet on 25th June 2020.
- 1.2 Revisions to the scheme were approved under the same powers by the Leader on 7 July 2020 and were reported to Cabinet on 30th July 2020. The scheme has now been operational since its launch on 11th June 2020 and had made the following progress as at 23 July 2020.

Total budget	£2,237,000
No of applications received	437 online applications
Total amount sought	£2,601,500
No of applicants providing supporting evidence	131
No of applications reviewed (including those requiring further evidence/follow up)	306
No of applications passed to stage 2 for final check and payment	288
No of businesses paid Total grants paid	186 paid / £1,203,500
No of applications rejected Total grants rejected	72 rejected (this will increase) £409,500
Balance of funding remaining if all current applications paid	***£45,000

- 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 by the 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 The application window was closed on 17th July 2020 as the total number of applications (437) had generated demand for £2.6m of grant and officers required time to assess the submissions received. Of these, 72 submissions were rejected as they did not meet the scheme criteria or businesses had since been placed on the council's ratings list and received either Small Business or Retail, Leisure and Hospitality grant. Based on the remaining applications there was likely to be a surplus in the region of £400-£500k of grant. It should also be noted that officers were also following up 112 existing applications (with a total value of £500k) to acquire evidence.

2 Re-opening of grant window

- 2.1 The Leader had already approved revisions to increase grant levels and make appropriate top-up payments to previous recipients. Approval was also given to extend the scheme to support businesses in premises who do not pay rent but are able to evidence other fixed costs. This has increased take up; however, on 23 July 2020 Government announced that all three LA delivered schemes-Small Business Grant, Retail Leisure and Hospitality Grant and Discretionary Business Grant are to close on **30 September 2020**. (it was previously reported by Government that the end date was to be 28 August 2020, but this was subsequently extended within a few days of their announcement.)
- 2.2 Government has confirmed 30th September 2020 is the last date any payment can be made so any deadline for receiving applications will need to precede this based on experience to date. Given the announcement officers discussed other options which might help maximise the take up of remaining funds.
- 2.3 It was noted that there are 572 business premises with a rateable value of £51,000 or more. Omitting any national chains, schools, public sector agencies this leaves approximately 108 businesses who have not been able to access any of the three Sefton grant schemes. It is felt this anomaly has put those businesses employing 50 or less at an unfair disadvantage and should be considered eligible to apply in any reopening of the Discretionary Business Grant window.
- 2.4 Members will be aware that the Discretionary Business Grant scheme has evolved over a short space of time. The scheme was only launched on 11 June 2020 with over £1.3m grant paid in a 6-week period including revisions already made by the Leader on 7th July 2020. Several lessons have been learned, not only with this scheme but also the prevailing rates related grants. This has been shared on a weekly basis with Liverpool City Region (LCR) colleagues and some initial findings include:
- Take up has been lower than expected
 - Businesses have often struggled to provide even the most basic of evidence requirements
 - Many applicants have not read or chosen to ignore clear published guidance
 - Most local authorities have not opened the scheme to home working businesses as it would be difficult to evidence fixed property costs
 - Small Businesses with premises of a rateable value of £51k or more (unless a Retail, Leisure or Hospitality business) have been penalised for having a high RV
- 2.5 Given the newly Government imposed grant deadline and the likely surplus of available monies it is recommended that that the grant window be re-opened for a final push with slightly revised criteria for small businesses operating in commercial premises with a rateable value of £51k or more.

3 Recommendation

That 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, be noted