

URGENT DECISION FORM



TO BE UPLOADED ON TO THE INTERNET BY DEMOCRATIC SERVICES

Date: 25.06.2020	Ref No:
Type of Decision:	
Cabinet Decision <input checked="" type="checkbox"/>	Council Decision <input type="checkbox"/>
Key <input checked="" type="checkbox"/>	Non-Key <input type="checkbox"/>
Subject matter:	
Discretionary Grant Scheme for Businesses – Phase 2	
Reason for Urgency:	
<p>The Council's Discretionary Grant Scheme for Businesses was launched in June. When the scheme was launched it was envisaged that there may be an opportunity for a further extension (Phase 2) of the scheme however this would be subject to the availability of funding once those applications from eligible businesses for Phase 1 had been processed.</p> <p>The phase 1 application deadline has been reached. To date 156 grant awards have been made totalling £0.673m. Whilst there are still some applications to be processed, it is estimated that the total amount will not exceed £1m thereby leaving at least c£0.957m available for Phase 2. This report sets out proposals for Phase 2.</p> <p>The scheme is designed to support small businesses in the borough as they deal with the impact of COVID-19. It is therefore imperative that any additional funding that may be available is agreed and paid out as quickly as possible. The urgency process is needed in order that this can be achieved.</p> <p>The scheme has been designed to seek to provide assistance to businesses who have not been eligible for other forms of support provide by the Government. Our objective is to secure business survivals, retain the local employment base and provide financial support to enable businesses to return once more normal trading conditions have prevailed.</p>	
Freedom of Information Status: Confidential	
Equality Impact Assessment	
<p>[Does this decision change policy, procedure or working practice or negatively impact on a group of people? If yes – complete EIA and summarise issues identified and recommendations – forward EIA to Corporate HR]</p>	

Decision taken:		
Decision taken by:	Signature:	Date:
Chief/Senior Officer/Cabinet Chair		
After consultation with:		
Cabinet Member (if a Key Decision) or Chair or Lead Member (as appropriate)		
If it is a Key Decision, the Chair of Scrutiny Committee to agree that the decision cannot be deferred		
Opposition Leader or nominated spokesperson (Council Decision) or Leader or Majority Group Member on Overview and Scrutiny Committee (if a Key Decision) to agree that the decision cannot be deferred		
Leader of second largest Opposition Group (if a Key/Council Decision) to agree that the decision cannot be deferred		

1. Background

- 1.1 Support for businesses throughout the COVID-19 crisis has been provided through various mechanisms including the distribution of grants to small businesses of £10,000 and £25,000 by Local Authorities. Subsequent to this, and in recognition that not all businesses that required support had been able to access the grants, the government announced a discretionary grant scheme. Local Authorities were required to establish scheme at a local level and, in doing so, were required to work within some parameters and priorities set by the government. These parameters included a capped funding level of £1.957m for Bury Council to distribute.
- 1.2 Following approval by the Leader, that incorporated consultation with the Council's Emergency Powers Group, the Council launched its scheme on 1 June 2020. The criteria for the scheme was set out together with the requirement that allocations to eligible businesses and targeted defined beneficiary groups set out by the government.
- 1.3 Phase 1 has now closed and applications are being assessed for payment. We now want to prepare for Phase 2, and potential phase 3 subject to remaining funds being available after completion of grant payments to successful applicants in phase 1.

2. Funding Position

- 2.1 The application date for Phase 1 has been reached and, to date, 156 businesses across the borough have received grant funding of £0.673m. This can be further broken down into 118 businesses that have received individual allocations, and a further 38 businesses

that were awarded grants of £10,000 under the scheme. Some applications received are still being processed but it is estimated that the total value will not exceed £1m. This leaves at least £0.957m for Phase 2.

2.2 It has become apparent that a number of key businesses have not secured funding through the existing programmes. These are often businesses important to our recovery. These include:

- Businesses operating in the retail, hospitality and leisure sectors who have a fixed premises cost but have been excluded from previous programmes because they are not open to the public
- Business with a rateable value of above £50k and below £55k who were excluded from the £10k and £25k government grants as an arbitrary ceiling had been set at £50k rateable value.
- Businesses in the early-years provision. These businesses play a key role in ensuring the labour force in Bury are able to access employment and that key employees in Bury companies can access childcare support.
- Organisations in the visitor economy who help generate significant visitor footfall to the Borough and our key town centres
- Eligible organisations who missed the deadline for the first tranche of grants.

3 Options for Consideration

3.1 Criteria for *all* categories would be aligned to the Government core criteria:

When the government's grant scheme was announced, a set of criteria was established, despite the discretionary nature of the fund we must remain within the guidelines set-out. To be eligible to apply the grant criteria stated that a small business must:

- Have been trading on 11th March 2020;
- Be small, with fewer than 50 employees,
- Have relatively high ongoing fixed property-related costs, and
- They must also be able to demonstrate that they have had a significant drop of income due to Coronavirus restriction measures.

3.1.1 In relation to the discretionary schemes that Local Authorities were tasked with developing, the government guidance stated that 'This grant funding is for businesses that are not eligible for other support schemes. Businesses which have received cash grants from any central government COVID related scheme are ineligible for funding from the Discretionary Grants Fund'

The Council's scheme has been developed to take account of these requirements. It is proposed that Phase 2 supports the following 5 categories:

- Organisations servicing the Retail, Hospitality and Leisure sector
- Retail, Leisure and Hospitality organisations who are marginally over the £51k rateable value threshold
- Early Years Providers that can demonstrate
- Cultural institutions that contribute to town centre footfall and the visitor economy

- Those organisations that could have applied for Phase 1 but missed the deadline.

3.2 Category A - Organisations servicing the Retail, Hospitality and Leisure Sector

3.2.1 Intelligence at a local level has identified a number of organisations that rely on this sector for their revenue but have not been eligible for funding support. Organisations within this sector also employ a notable number of local people. These organisations did not qualify for Retail Hospitality and Leisure grant funding because they are not open to the public.

It is proposed that the level of grant mirrors the criteria set out within the Retail, Hospitality and Leisure Fund, this ensures equity and fairness.

- Eligible businesses in these sectors with a property that has a rateable value of up to and including £15,000 will receive a grant of £10,000 (subject to EU State Aid limits).
- Eligible businesses in these sectors with a property that has a rateable value greater than £15,000 and less than £51,000 will receive a grant of £25,000 (subject to EU State Aid limits).

3.2.2 Organisations would be required to provide evidence of reduction in income as a result of Covid-19. This is likely to be in the form of filed accounts for previous years and management accounts/bank statements for the current period. To be eligible they need to evidence relatively high ongoing, fixed property-related costs and a reduction in revenue.

3.2.3 Organisations must evidence that they employ between 5 and 50 people. These can be full time or part time. It is proposed that the panel will take into account any recent redundancies which have resulted from Covid-19.

3.2.4 It is suggested that applicants are required to engage with the Greater Manchester Business Growth Hub post-grant to maximise their growth potential, survival and job retention potential.

3.2.5 Based on the known number of businesses in the Borough in this sector and allowing for the fact there may be some not known to the Council we propose to allocate a total of £300k for businesses in this category.

3.3 Category B – Retail, Leisure and Hospitality organisations who are marginally over the £51k rateable value threshold.

3.3.1 There are a small number of businesses that have rateable values just in excess of the £51k threshold set by the government for the small business grants. These businesses, within Bury, are still considered to be small business and therefore it is proposed that the threshold in Bury be increased to a rateable value of £55k.

3.3.2 We estimate there are six businesses in this position in the Borough, and should they all demonstrate eligibility there would be a total cost of support of £150k

3.4 Category C – Early Years Providers

3.4.1 Early Years providers are an integral part of recovery plans. Data commissioned by the nursery sector body suggests nurseries are set to lose half their funding for government funded 3 and 4 year old places. Data published suggests for every

two year old place, Early Years settings stand to lose 68%. Local closures may impede parents returning to the workplace and further exacerbate inequalities for some families.

3.4.2 It is proposed that to be eligible an early-years provider:

- Is on Ofsted's Early Years Register
- Provides care and education for children up to 5 years old
- Rateable value of over £15,000 up to £51,000
- Operating within a commercial setting
- Can demonstrate continued operation i.e. will not close

Excluded

- Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme.

Local authority-run nurseries are not eligible.

3.4.3 It is calculated that there are 51 Early Year settings that may be eligible for the grants. Whilst we don't expect 100% of businesses to apply and be eligible, we will make available a total of £400k to businesses in this category. If there is an excess demand we would seek to vire funds from other underspend pots, if the remaining resources allow us to do so.

3.5 Category D – Cultural Institutions that contribute to town centre footfall and visitor economy

There are a number of important visitor organisations in the Borough which attract visitors and are key to our town centre recovery. The detailed guidance will identify a minimum visitor threshold for an organisation to be eligible.

Grants will be paid up to a maximum of £25k per-institution, and a total of £100k has been made available to support organisations in this category. If there is an excess of demand grants will be paid out proportionately once the closing date for applications has been reached. We are able to take this approach because of the very limited number of businesses operating in this category.

Eligibility will be based upon having a trading element i.e. ticket sales, entrance fees and a demonstration of loss from being forcibly shut.

3.6 Category E - Those organisations that could have applied for Phase 1 but missed the deadline.

3.6.1 The criteria for phase 1 will remain for this category.

3.6.2 Applications that do not provide the evidence required will not be assessed. This will be explicit within the application guidance.

3.6.3 Resources will only be allocated to this category of business in the event that categories A-D generate unspent surpluses.

4 Phase 3

4.1 Phase 3 will be dependent upon remaining funds. Detail of phase 3 will not be published until phase 2 is closed.

4.1.2 In order to prepare for potential phase 3, should there be remaining funds, the following categories are suggested:

- Those micro businesses that rent a chair or a room within a health, beauty, male grooming businesses. It is proposed that a grant is allocated to cover the purchase of new stock, marketing materials and fixed rental cost. It is proposed that a one off grant of £1000 is allocated. The applicants would be required to provide evidence of occupancy and continued occupancy.
- Those micro businesses that rent storage space in order to run their businesses. It is proposed that a one off grant of £1000 is allocated. The applicants would be required to provide evidence of occupancy and continued occupancy and loss of income.

5 RISKS

5.1 FINANCIAL IMPLICATIONS

5.1.1 Phase 1 is not anticipated to reach 1m.

5.1.2 Each eligible category has a maximum allocation. The total sum of the four allocations comes to £950k with maximum allocations per-category set out earlier in the paper.

5.1.3 If the fund is oversubscribed with the applications received, the Council reserves the right to amend the grant levels to a pro-rata basis, based on the applications received and approved, as a way of dealing with this situation, should it arise. The Council reserves the right to vary the terms of the scheme at any time, and without notice, should it be necessary to do so.

5.1.4 Those businesses in Category E will only become eligible for funding support once an unspent surplus has crystallised in either the Phase 1 allocation (£1m) or from the £950k allocated to the four newly established eligible categories of business.

5.1.5 The Council shall only launch a Phase 3 if sufficient resources remain and this will be a ring-fenced amount equivalent to the amount of the original £1.957m funding which remains available.

6 LEGAL IMPLICATIONS

6.1 The Council's Constitution requires key decisions of the type set out in this Report to be published in the Forward Plan at least 28 days before the decision is made. Rule 18 of the Access To Information Rules allows urgent decisions that cannot be reasonably deferred to be taken provided the chair of the relevant Scrutiny Committee agrees this and the opposition group leaders have been consulted.

7 RECOMMENDATIONS

7.1 Members of the EPG agree that a decision to approve the above measures should not be deferred until the next Cabinet meeting on 29th July 2020 given the urgency of distributing financial aid to businesses which have been impacted by Covid.

Paul Lakin
Director of Regeneration

Final Version