

## URGENT DECISION FORM



**TO BE UPLOADED ON TO THE INTERNET BY DEMOCRATIC SERVICES**

<b>Date: 10-08-2020</b>	<b>Ref No:</b>
<b>Type of Decision:</b>	
<b>Cabinet Decision</b> <input checked="" type="checkbox"/>	<b>Council Decision</b> <input type="checkbox"/>
<b>Key</b> <input checked="" type="checkbox"/>	<b>Non-Key</b> <input type="checkbox"/>
<b>Subject matter:</b>	
<b>Discretionary Grant Scheme for Businesses – Phase 3</b>	
<b>Reason for Urgency:</b>	
<p>The Council's Discretionary Grant Scheme for Businesses 'Phase 1' launched in June 2020.</p> <p>The Council moved to 'Phase 2', which expanded the eligibility criteria for grant, on the 6<sup>th</sup> July with a closing date of the 20<sup>th</sup> July 2020 for applicants.</p> <p>To date the total amount of grant paid over the two phases is £1,653m. It is unlikely that the discretionary fund will be fully spent against the £1.957m allocated by Government. We are therefore bringing proposals for a 'Phase 3' forward, the details of which are outlined in this paper.</p> <p>There remain a small number of applications from 'Phase 2' that are awaiting evidence and it is likely that the amount that will be paid will increase. Over recent days, the Department for Business, Energy and Industrial Strategy (BEIS) has announced the closure of the scheme and has stated that all applications must be received by 28 August and all payments made by 30 September. Any unused monies at this point will be returned to central Government.</p> <p>There remain a number of types of business who have not benefited from Government support whilst facing very challenging trading conditions. As we widen the eligibility for the programme we expect to see high demand. Because we expect to see a relatively large number of applications and because we have a fixed time period in which to disperse grants, we are seeking support from the EPG to approve the use of the Councils urgency provisions to allow us to move to implement 'Phase 3'.</p> <p>We are proposing to launch the scheme no later than 17<sup>th</sup> August and before if possible, this gives a 2 week window for applications.</p> <p>The scheme is designed to comply with national guidance and supports small businesses in the borough as they deal with the impact of COVID-19. The proposals for Phase 3 are designed to provide assistance to businesses who have not been eligible for other forms of support provided by the Government. Our objective is to secure business survival and retain the local employment base.</p> <p>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>	

<b>Freedom of Information Status: Confidential</b>		
<b>Equality Impact Assessment</b>		
[Does this decision change policy, procedure or working practice or negatively impact on a group of people? <b>If yes</b> – complete EIA and summarise issues identified and recommendations – forward EIA to Corporate HR]		
<b>Decision taken:</b>		
<b>Decision taken by:</b>	<b>Signature:</b>	<b>Date:</b>
Chief/Senior Officer/Cabinet Chair		
<b>After consultation with:</b>		
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 a scheme at a local level and, in doing so, were required to work within 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 Discretionary Scheme on 1 June

2020. The criteria for the scheme was set out together with the beneficiary groups as defined by government.

- 1.3 'Phase 1' and 'Phase 2' have now closed. There is approximately c£304,000 remaining. We now want to prepare for 'Phase 3'.

## **2. Funding Position**

- 2.1 The application date for 'Phase 1' and 'Phase 2' has been reached and, to date 215 businesses across the borough have received grant funding. There remain a number of applications that are currently being processed.
- 2.2 Of the c£304,000 remaining it is estimated that c£100k will be needed to complete these payments. This leaves c£200k for phase 3.

## **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 3 supports the following categories:

- Those micro businesses that rent a chair within a health, beauty, male grooming business. 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
- Those hereditaments over £15,000 Rateable Value and not eligible under retail, leisure, hospitality - but have had significant losses. In particular suppliers to businesses that have been locked down
- Playgroups and preschool groups that were not eligible in phase 2 but can demonstrate monthly fixed costs relating to their business
- Those organisations that could have applied for Phase 2 but missed the deadline

### **3.2 Category A - Those micro businesses that rent a chair within a health, beauty, male grooming businesses.**

3.2.1 There have been a number of ineligible applications from this cohort who operate by paying monthly rent to the host business/landlord. The reason they did not get support was that it was the host business/landlord that would have been eligible for the Small Business Grant. However, these businesses often have sub-leases or other legal agreements that constitute an ongoing property cost.

It is proposed that the level of grant award is capped at £1,000.

3.2.2 Organisations would be required to provide evidence of a 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 ongoing, fixed property-related costs and a reduction in revenue.

3.2.3 A cap will be set at £50,000 for this category.

3.2.4 If the fund is oversubscribed with the applications received, the Council reserves the right to amend the grant levels on a pro-rata basis, based on the applications received and approved, as a way of dealing with this situation should it arise.

### **3.3 Category B – Those micro businesses that rent storage space in order to run their businesses**

The level of award is shown below. The award is capped at £5,000.

Fixed Property Cost per Annum	Grant Payment Amount
Up to £2,000	£1,000
£2,000 - £5,000	£5,000

3.3.1 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 ongoing, fixed property-related costs and a reduction in revenue.

3.3.2 A cap will be set at £50,000 for this category.

3.3.3 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.

### **3.4 Category C – Hereditaments over £15,000 Rateable Value and not eligible under retail, leisure, hospitality - but have had significant losses. In particular suppliers to businesses that have been locked down.**

3.4.1 Consideration of discretion for those businesses that are ineligible for the Retail, Hospitality and Leisure grant. The cohort will be recommended by the Business Rates team. The grant allocation will reflect the grant the business would have received if they had been eligible for the Small Business Grant or the Retail, Hospitality and Leisure Grant. We will focus on those businesses that are at risk of reducing their workforce.

3.4.2 A cap will be set at £100,000 for this category.

3.4.3 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.

### **3.5 Category D - Playgroups and pre-school groups that where not eligible in phase 2 but can demonstrate monthly fixed costs relating to their business**

3.5.1 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.

3.5.2 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 up to £51,000
- Operating within a commercial setting
- Can demonstrate continued operation i.e. will not close

3.5.3 The level of award is shown below. The award is capped at £5,000

Fixed Property Cost per Annum	Grant Payment Amount
Up to £2,000	£1,000
£2,000 - £5,000	£5,000

3.5.4 A cap will be set at £50,000 for this category

3.5.5 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.

### **3.6 Category E - Those organisations that could have applied for Phase 1 and 2 but missed the deadline.**

3.6.1 The criteria for phase 1 and 2 will remain for this category.

3.6.2 Grant allocated for this category will only be made in the event that A-D are processed and there is remaining funds available.

3.6.3 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.

## **4. RISKS**

### **4.1 FINANCIAL IMPLICATIONS**

4.1.1 Phase 1 and 2 is not anticipated to reach £1.957m. Any unspent monies will be clawed back by the government and approval of this phase will minimise the risk of this from happening.

4.1.2 If the phase 3 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. This approach will ensure that the council is only spending what resources are available.

- 4.1.3 Those businesses in Category E will only become eligible for funding support once an unspent surplus has crystallised from categories A-D.
- 4.1.4 Implementing Phase 3 will ensure the Council is maximising the allocation of funding that can be made to businesses within Bury without overcommitting the Council to costs that are not funded by central government.

## **5. LEGAL IMPLICATIONS**

- 5.1 As set out in this report along with the Risk associated.

## **6. RECOMMENDATIONS**

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

**Paul Lakin**  
**Director of Regeneration**