

**FORM 2**

**NOTICE OF DECISION OF CABINET MEMBER**

Pursuant to Section 15(4) of the Local Government Act 2000, as amended by section 63 of the Local Government and Public Involvement in Health Act 2007, the senior executive member may discharge any of the functions that are the responsibility of the Cabinet or may arrange for them to be discharged by another member of the Cabinet or Officer. On 1<sup>st</sup> December 2010, the Council adopted the Strong Leader Model for Corporate Governance 2011 as required under Part 3 of The Local Government and Public Involvement in Health Act 2007 (The 2007 Act).

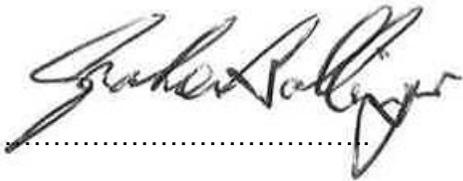
In accordance with the authority delegated to me, I have made the following decision:

<b>Subject</b>	<b>Decision</b>	<b>Reason for decision</b>	<b>Date for Decision to be taken</b>
Local authority discretionary grants fund	To approve the scheme for the discretionary grants fund set out in Appendix 1 to the report.	To enable applications to be invited from potentially eligible local businesses, in accordance with the guidance issued on 13 and 22 May by the Department for Business, Energy and Industrial Strategy.	27 May 2020

**I confirm that the appropriate statutory officer consultation has taken place with regard to this decision.**

Dated: 27 May 2020

Signed: .....



Councillor: Graham Ballinger  
Leader of the Council

## WYRE FOREST DISTRICT COUNCIL

### Strong Leader Report

#### LOCAL AUTHORITY DISCRETIONARY GRANTS FUND

OPEN	
<b>DIRECTOR:</b>	Chief Executive
<b>CONTACT OFFICER:</b>	Ian Miller
<b>DATE:</b>	26 May 2020
<b>APPENDICES:</b>	Appendix 1: proposed scheme for Wyre Forest – Local Authority Discretionary Grants Fund

#### **1. PURPOSE OF REPORT**

- 1.1 To decide how Wyre Forest District Council should deploy its allocation of the Local Authority Discretionary Grants Fund for businesses affected by the COVID-19 pandemic but which are not eligible for support under the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund.

#### **2. RECOMMENDATION**

- 2.1 The Leader is asked to **APPROVE** the scheme set out in Appendix 1.

#### **3. BACKGROUND**

- 3.1 In the Budget on 11 March, the Government announced grant schemes for businesses that were affected by the COVID-19 pandemic. The grants have been issued only to businesses that meet criteria specified by the Department for Business, Energy and Industrial Strategy and that are on the business rating list. The Government has responded to points raised by councils and others that some businesses are not eligible, mainly because they do not appear on the business rating list but have still suffered a complete or very significant loss of income as a result of COVID-19 restrictions. Examples include market traders who pay a fee to occupy pitches, and small bed and breakfast businesses where the owners pay only council tax.
- 3.2 On 2 May, BEIS announced that it would introduce a discretionary grants fund worth up to £617m for councils to devise their own schemes to support relevant local businesses. Guidance was issued on 13 May and has been updated on 22 May. The proposals set out in this report take account of the latest version of the guidance.

#### **4. KEY ISSUES**

- 4.1 The Council quickly needs to settle how it will best deploy the Discretionary Grants Fund to support small and medium local businesses that may thus far

have received no financial support from the Government (other than such things as deferral of VAT payments and funding to support the salaries of furloughed staff).

4.2 The Council needs to satisfy the Government's expectations summarised in the guidance. Otherwise it may face complaints from the small businesses that it is being asked to prioritise. In any event the Council would want to support these small businesses as generally they will be most at risk from failure as a result of the Covid-19 pandemic. These businesses include:

- Small businesses in shared offices or other flexible workspaces without their own business rates assessment;
- Regular market traders with fixed building costs who do not have their own business rates assessment;
- Bed & Breakfasts which pay council tax rather than business rates;
- Charity properties in receipt of charitable business rates relief which would otherwise be eligible for Small Business Rates Relief or Rural Rate Relief.

4.3 The Council is allowed to give grants of £25,000, £10,000 or any amount under £10,000. The guidance states that there will be no penalty for local authorities because of their use of discretion to prioritise some business types.

4.4 However, there are two mandatory rules:

- The business must have been trading on 11 March 2020;
- The business must not be eligible for one of the other Covid-19 related grant / support schemes listed at paragraph 29 of the guidance.

4.5 Given that many of these businesses will be unknown to the Council because they are not liable for business rates (unlike the existing schemes), then an application process will be required. We will ask applicants to confirm their eligibility for a grant and to demonstrate that they have suffered a significant fall in income as a result of the Covid-19 crisis and that they have relatively high ongoing fixed property related costs.

4.6 It is proposed that the Council's estimated £1m allocation is firstly targeted as follows:

<b>Type of business</b>	<b>Estimated number eligible in Wyre Forest</b>	<b>Grant amount per business</b>	<b>Total cost</b>
Small businesses in shared offices or other flexible	50-60	£5,000	£250,000 - £300,000

workspaces			
Regular market traders with fixed premises costs	15-20	£1,000 for each day of trading in Wyre Forest in a week, subject to maximum grant of £5,000	£30,000 - £70,000
Bed & Breakfasts that pay council tax	40-45	£5,000	£200,000 - £225,000
Charity properties not eligible for a small business grant	5-10	£5,000	£25,000-£50,000
<b>Total</b>			<b>£505,000 - £645,000</b>

4.7 This satisfies the Government's expectations. Assuming all of these businesses apply and are successful, this would leave a further £355k-£495k to allocate to Wyre Forest businesses in order to maximise the use of our allocation. It is suggested that businesses which would otherwise have received a Retail, Hospitality and Leisure Grant but were ineligible because they have a Rateable Value of £51,000 or more are considered for a grant. It is estimated that there are 68 businesses with a rateable value between £51k and £75k which would potentially be eligible, although some will not qualify because they are part of national chains and would therefore be precluded from receiving grants by limits on State Aid. While there is a risk of over allocating funding if all of them made a successful allocation, it is proposed to award these businesses a grant of £10,000 each. If the available resources for the grant scheme have not all been used following the closure date for applications, the Council would increase the £10k grant pro rata until all available resources have been used.

4.8 In addition it has been identified that no support has been provided to businesses in the supply chain for the retail, hospitality and leisure sector, some of which will have suffered dramatic or complete falls in their income. It is proposed to focus support on such supply chain businesses if they are liable for business rates and – subject to meeting the other

criteria for the Council's scheme – to pay a grant of £5k for supply chain business with a rateable value below £51k and £10k for those with a rateable value between £51k and £75k. We have no information about the number of supply chain businesses that might be eligible but do not believe it exceeds 10-20. It is estimated that grants of up to £100k might be payable under this category.

4.9 Evidence shows that the types of business most severely affected as a result of the Covid-19 pandemic are in the retail, hospitality and leisure sector. Many of these businesses have been forced to close. We know that a number of businesses operating in this sector have missed out on a Retail, Hospitality and Leisure grant due to their Rateable Value being marginally above the £51,000 threshold. Businesses in the supply chain for this sector have not been eligible for support under the previous grant schemes.

4.10 If the policy set out above is supported, then the scheme will be published on the Council's website and businesses will be invited to apply for a Discretionary Grant with a deadline of 30 June 2020. Payments of grants for business that successfully apply will be made on a rolling basis in order to satisfy the Government's expectation that grants will be paid quickly whilst also ensuring they are targeted to best effect. As noted above, there is a possibility that for the larger retail, hospitality and leisure businesses mentioned in paragraph 4.7, an initial grant of £10k may be followed by a smaller top up payment if there remain unallocated resources after all applications have been considered.

## **5. FINANCIAL IMPLICATIONS**

5.1 Wyre Forest's allocation has yet to be confirmed by BEIS. It is expected to be at least £1m and may be £1.1m (5% of grant allocation of £22.3m for the Small Business Grants Fund and the Retail, Hospitality and Leisure Grants Fund). The scheme has been designed to try to align with available funding although there is no certainty about the precise number of potentially eligible businesses that exist.

5.2 If the number of eligible businesses was at the upper end of each of the ranges set out in paragraphs 4.6 to 4.8, the Council would pay grants of £645k + £680k + £100k = £1.425m, although this is considered to be unlikely as not all businesses that are potentially eligible will apply and not all applications may be successful.

5.3 The BEIS guidance states that there "is a baseline to provide the fixed minimum 5% allocation for each local authority, to give certainty. We do not want to penalise local authorities that subsequently manage to achieve a higher number of business hereditaments supported and grants awarded; their 5% allocation will be adjusted upwards." If WFDC's expenditure exceeds its allocation, BEIS will be approached for additional funding.

## **6. LEGAL AND POLICY IMPLICATIONS**

6.1 The Council is a Category 1 responder under the Civil Contingencies Act 2004. The powers upon which the Council will rely in deploying the local authority discretionary grants fund (which the Government will pay under section 31 of the Local Government Act 2003) include section 1 of the Localism Act 2011, the general power of competence, and sections 111 and 137 of the Local Government Act 1972.

## **7. EQUALITY IMPACT NEEDS ASSESSMENT**

7.1 An impact needs assessment is not required as the grant fund is for businesses, rather than individuals in a personal capacity.

## **8. RISK MANAGEMENT**

8.1 The main risks are

a) presentational: to ensure that a scheme is quickly designed and implemented and that grants are paid out to eligible businesses;

b) fairness: a clear scheme that responds simply and fairly to the guidance and takes account of the available resources. There may be complaints if the Council is not seen as being fair or following Government expectations in its decision making. This risk also arises from differences with schemes adopted by neighbouring councils: for example, grants of £25k are not affordable for Wyre Forest because the number of potentially eligible businesses is higher than in other council areas;

c) financial: this is the main risk - to design a scheme that is aligned as far as is reasonably possible with availability of resources and does not expose the Council to significant expenditure that might not be recoverable from BEIS.

The proposals in this report seek to mitigate these risks.

## **9. CONCLUSION**

9.1 The Leader is invited to approve the proposed scheme for the Local Authority Discretionary Grants Fund set out in Appendix 1.

## **10. CONSULTEES**

10.1 Cabinet

10.2 Corporate Leadership Team

## **11. BACKGROUND PAPERS**

11.1 Guidance from BEIS (22 May edition)

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/887239/Local\\_Authority\\_Discretionary\\_Grants\\_Fund\\_-\\_guidance\\_for\\_local\\_authorities\\_-\\_version\\_2.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887239/Local_Authority_Discretionary_Grants_Fund_-_guidance_for_local_authorities_-_version_2.pdf)

11.2 Original announcement, 2 May 2020

<https://www.gov.uk/government/news/top-up-to-local-business-grant-funds-scheme>

## APPENDIX 1: WYRE FOREST – LOCAL AUTHORITY DISCRETIONARY GRANTS FUND

**May 2020**

### Introduction

This discretionary grant scheme is intended to assist businesses in Wyre Forest whose income has been significantly affected by the COVID-19 pandemic and which have not received funding from certain other Government support schemes.

This scheme describes businesses that are not eligible for support; those that are potentially eligible and the amount of grant that Wyre Forest District Council will pay you; and a summary of the information that we will require in order to assess your eligibility.

### Deadline for applications

**The deadline for applications is 12 noon on Tuesday 30 June 2020. Late applications will not be considered.**

You can find information on how to make an application <here>

If you have questions and need to speak to someone before making your application, please contact [ctax@wyreforestdc.gov.uk](mailto:ctax@wyreforestdc.gov.uk) or <phone>

### Businesses that are not eligible

Please read this scheme carefully and do not waste your time or ours by applying if your business is not eligible. **Please note that there are only very limited circumstances where a business operated from a residential address may qualify for a grant, such as a bed & breakfast which pays council tax or a business where part of the residential property, such as an outbuilding, is subject to business rates.**

Your business will not be eligible if

a) It has received or is eligible for cash grants from any of the following central government COVID-related schemes:

Small Business Grant Fund

Retail, Hospitality and Leisure Grant

The Fisheries Response Fund

Domestic Seafood Supply Scheme (DSSS).

The Zoos Support Fund

The Dairy Hardship Fund

(Payments under the Coronavirus Job Retention Scheme or the Self Employment Income Support Scheme do NOT count and do not affect eligibility.)

- b) it ceased trading before 11 March 2020 or began trading only after 11 March 2020. The business must have been trading on 11 March 2020;
- c) It is a company in administration, insolvent or where a striking-off notice has been made.

Potentially eligible businesses and indicative grant allocations

<b>Type of business</b>	<b>Grant amount per business</b>
Small businesses in shared offices or other flexible workspaces. Examples could include units in industrial parks, science parks and incubators which do not have their own business rates assessment.	£5,000
Regular market traders with fixed building costs, such as rent, who do not have their own business rates assessment	£1,000 for each day's worth of normal market activity in Wyre Forest in a week, subject to maximum payment of £5,000 (see note 1)
Bed & Breakfasts which pay Council Tax instead of business rates (see note 2)	£5,000
Charity properties in receipt of charitable business rates relief which would otherwise have been eligible for Small Business Rates Relief or Rural Rate Relief.	£5,000
Businesses that are liable for business rates and whose business is wholly or mainly in the supply chain for the retail, hospitality and leisure sectors. The rateable value to be used for the purposes of this grant scheme is the rateable value on 11 March 2020.	£5,000 (Rateable value less than £51k) £10,000 (Rateable value £51k to £75k)
Retail, hospitality and leisure businesses that would	£10,000 (but see

otherwise have received a Retail, Hospitality and Leisure Grant but were ineligible because they had a Rateable Value on 11 March 2020 of £51,000 to £75,000 (see note 3).	note 4)
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Note 1: market traders who pay rent or a licence fee for a regular pitch can qualify for a grant of £1,000 for each day in a week that they normally trade in the Wyre Forest area, subject to a maximum payment of £5,000. This is to recognise that many market traders operate in more than one council area and may trade in Wyre Forest for (say) only one or two days week. These arrangements ensure fairness among market traders – that a trader who operates in Wyre Forest only one day a week should not receive the same grant as a trader who operates in Wyre Forest six days a week – and also fairness with other types of business that receive grants under this scheme.

Note 2: For Bed and Breakfasts to be eligible for the grant, they must meet the requirements of section 66(2) of the Local Government Finance Act 1988 and, as a consequence, not be liable for non-domestic rates. In summary, the accommodation must be provided for short periods to individuals whose sole or main residence is elsewhere; must not be self-contained self-catering accommodation provided commercially; and must not be provided for more than six persons simultaneously. In addition the person providing such accommodation should have his or her sole or main residence within the building throughout any period when such accommodation is to be provided.

Note 3 – details of the Retail, Hospitality and Leisure Grant scheme may be seen at this link <https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

Note 4 If the available resources for the discretionary grant scheme have not all been used following the closing date for applications, the Council reserves the right to pay a top-up grant pro rata to available resources, but subject to a maximum grant of £25k for one business.

#### Summary of information that you will need to provide to support a successful application

You will need to provide information to demonstrate that your business has suffered a loss in gross income as a result of COVID-19 and that it has property-related costs.

You will be asked to provide bank statements to show how gross income has fallen since the last set of audited accounts or, if no such accounts are available, bank

statements covering the period during which the business has traded to show how income has been affected by COVID-19. We would expect the recent bank statements to show that income in March 2020 onwards has ceased completely or significantly reduced compared to a previous equivalent period. It does not matter if you have not been trading for more than 12 months and therefore that there are no audited accounts available. Evidence of a previous equivalent period could take the form of:

- accounts for the most recent 12 month period that have been audited e.g. financial year 2018-19 or calendar year 2019;
- draft accounts that have not yet been audited e.g. for the financial year 2019-20;
- bank account statements for the period March to May 2019;
- bank account statements for a period before March 2020, but not earlier than March 2019.

Generally, a “significant reduction in income” would be at least 50% but we reserve the right to look at the expenditure and income of the business in order to reach a view on eligibility in cases where the reduction in income is less than 50%. We would not expect to pay any grant for a business where the reduction in income is less than 25%.

Evidence will be required to show that the business was and continues to be liable for fixed property-related costs, such as rent, business rates, council tax or a loan in respect of the purchase of the property occupied by the business.

In the case of a business wholly or mainly in the supply chain for the retail, hospitality and leisure sectors, evidence will be required to demonstrate that the majority of the business’s gross income was derived from businesses that are eligible for the Retail, Hospitality and Leisure grant fund (or would have been so eligible if not precluded by reason of their rateable value).

If applicable, registration number of company at Companies House or charity number issued by Charity Commission.

A declaration that, for a business in a shared office or other flexible work space, the owner(s) or director(s) of the business are not among the owner(s) or director(s) of a company or business that is liable for business rates of that hereditament and has received or is eligible for cash grants from any of the following central government COVID-related schemes:

Small Business Grant Fund

Retail, Hospitality and Leisure Grant

The Fisheries Response Fund

Domestic Seafood Supply Scheme (DSSS).

The Zoos Support Fund

The Dairy Hardship Fund.

A declaration that, if a grant was awarded to your business, it would not exceed State Aid limits. We will include the detailed information that you need to consider in the application process as well as the declaration that you will need to make. You can see information in paragraphs 47 to 51 of the Government's guidance and model declarations in Annex B

<https://www.gov.uk/government/publications/coronavirus-covid-19-guidance-on-business-support-grant-funding>

A declaration that you are providing correct information to the best of your knowledge and belief; and to acknowledge that the council reserves the right to check details (including through fraud-checking and other information services available to it); that the council may take recovery action in the event of incorrect information being provided; and that, in cases of suspected fraud, the council may refer the matter to the police.

You will not be asked to provide bank account details as part of the application. If the council decides that your business is eligible, we will contact you separately to ask for confirmation of this information as we will pay any grant by BACS transfer.

#### If you are not happy with the decision that we take on your application

If you are unhappy with the decision we reach, you can ask for it to be reviewed.

A review can result in confirmation of the original decision; a decision to award a grant when one was not awarded by the original decision; a decision to award a different level of grant (which might be higher or lower than the original grant); or, if the review identifies that your business is not eligible, the withdrawal of any grant awarded in the original decision.

The result of any review will be final although you will have the right to complain to the Local Government and Social Care Ombudsman if you consider that there has been maladministration causing an injustice. You will be sent information about the Ombudsman with the decision on a review.