

Special Urgency Decision

Report title	Discretionary Business Support Grant – Covid-19	
Decision Maker	Special Urgency Decision	
Cabinet member with lead responsibility	Councillor Ian Brookfield Leader of the Council	
Wards affected	All Wards	
Accountable Director	Richard Lawrence, Director of Regeneration	
Originating service	Regeneration	
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Recommendation for decision:

That the Leader of the Council, two cabinet members, and the Chair and Vice Chair Scrutiny Board formally authorise the following decision under the special urgency provisions at paragraphs 6.10 and 6.11 of the Council's Constitution to:

1. Establish supplementary expenditure budgets totalling £2.3 million funded by the COVID Local Government Grant to support the costs of the discretionary business grant.
2. Agree the approach to the distribution of the discretionary business grant as detailed in the report
3. Authorise the use of any underspend in Small Business Grant Fund and the Retail, Hospitality and Leisure Fund, that Government agrees to being so used, to increase the relevant budget at paragraph 1 and to be spent in line with the principles at paragraph 2.

This is agreed by the following:

Leader of the Council

Cabinet member for Resources

Cabinet member.....

Chair of Scrutiny Board.....

Vice-Chair of Scrutiny Board.....

Dated – 29 May 2020

1.0 Purpose

As a result of the COVID-19 outbreak a number of businesses in the City have suffered a severe drop of income and difficulties in meeting their overheads. A number of support schemes have already been established and on 1 May 2020 an additional scheme was announced by Government aimed at small businesses with ongoing fixed property-related costs. The announcement stated that this was focused on businesses in shared spaces, regular market traders, small charity properties that would meet the criteria for Small Business Rates Relief, and bed and breakfasts that pay council tax rather than business rates.

The announcement noted that local authorities may choose to make payments to other businesses based on local economic need. The allocation of funding was to be at the discretion of local authorities. This decision seeks to set out how the Council will allocate this additional Discretionary Business Support Grant.

2.0 Background

- 2.1 On 1 May, Government announced an additional Covid-19 Discretionary Business Support Grant. The Council's allocation of this funding is £2.3 million. These funds are intended to help small businesses, who were previously out of scope for a grant, with fixed property related costs.
- 2.2 To be eligible, businesses must have suffered significant loss of income as a result of Covid-19. Unlike grants from the previous Funds (the Small Business Grant Fund and the Retail, Hospitality and Leisure Fund), Local Authorities have some flexibility in distributing this funding to best meet local need. This report sets out the Council's proposed approach to the award of this funding.
- 2.3 The criteria for this scheme, set by the government are.
 - These grants are primarily and predominantly aimed at:
 - Small and micro businesses, as defined in Section 33 Part 2 of the Small Business, Enterprise and Employment Act 2015 and the Companies Act 2006.
 - Businesses with relatively high ongoing fixed property-related costs
 - Businesses which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis
 - Businesses which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.
 - This grant funding is for businesses that are not eligible for other support schemes.

- Businesses which are eligible for cash grants from any central government COVID related scheme (apart from SEISS) are ineligible for funding from the Discretionary Grants Fund. Such grant schemes include but are not limited to:
 - o Small Business Grant Fund
 - o Retail, Hospitality and Leisure Grant
 - o The Fisheries Response Fund
 - o Domestic Seafood Supply Scheme (DSSS)
 - o The Zoos Support Fund
 - o The Dairy Hardship Fund
- Businesses who have applied for the Coronavirus Job Retention Scheme are eligible to apply for this scheme.
- Businesses who are eligible for the Self-Employed Income support scheme (SEISS) are eligible to apply for this scheme as well.
- Only businesses which were trading on 11 March 2020 are eligible for this scheme.
- Companies that are in administration, are insolvent or where a striking-off notice has been made are not eligible for funding under this scheme

2.4 As detailed above Government has, provided its overall criteria are met, given the discretion to local authorities as to how this additional support is paid out.

2.5 We estimate that approximately 1700 businesses in the City could fall into these criteria. The total amount of funding available, namely £2.3 million, is clearly insufficient to provide meaningful support to all of those businesses. On that basis the Council is lobbying government to seek to use the underspend from the previous Funds over to the Discretionary Grant Fund, which will enable us to extend the offer of a meaningful benefit to more local businesses.

2.6 As the level of grant needs to be of benefit to these companies that have seen trade and income fall significantly we propose that the grant is focused on

- Businesses who employ 10 or less employees, who can demonstrate hardship
- A first come first served basis until the £2.3 million is exhausted (this will be determined by successful submission of a form with the required mandatory fields).

2.7 Distributing grants of £5,000 in value would be able to reach 460 businesses (on a first come first served basis).

- If we don't receive 460, then we would seek to go out again.

- We will lobby government as much as possible to secure additional funding which would allow a further reach out to more businesses.

2.7 An online system to manage the process has been developed by the Council and we intend to go live on Monday 1st June at 12:00pm. A customer portal login approach and a tracking system which the businesses can use to log in to track progress of their application through several stages. The application window will be open from 12pm on 1 June 2020 to 12pm on 8 June 2020. Applications will be on a first come first served basis. The process will ensure that the businesses are eligible for the scheme and that they can provide evidence of their eligibility.

3.0 Reasons for Special Urgency

3.1 In the light of the current situation involving COVID-19 the Council has, as a result of the Government's decision on restriction of movement, taken the decision to cancel all physical meetings until at least **15 June 2020**. In the intervening period it will use the Council's urgent action powers for any decisions that must be taken. These powers are to be used sparingly and the guiding principles for any decisions are:

- i. Only those decisions that have to be made (ie as a result of COVID-19 or related matters, including support of businesses in this difficult time or as a result of an immovable deadline) will be made
- ii. The decisions will be made or endorsed (where the decisions have to be made very urgently) using the Urgent Action powers
- iii. The decisions will be made available on a regular basis to Councillors through the daily update to Councillors and in any event through a weekly round up of the decisions made through the relevant pages on the Council's website so that the Public can access them

The relevant powers under the Constitution are:

Council Decision

6.10 Urgent Decisions outside the Budget or Policy Framework

An urgent decision which is contrary to the Policy Framework or budget adopted by the Council may be taken by the Cabinet if the Chair of the Scrutiny Board agrees that the decision is urgent. If no such Chair is available (or willing) then the Mayor or in his/her absence the Deputy Mayor may agree that it is urgent before a decision is taken.

6.11 Cabinet Decision

Where an urgent decision on a matter delegated to the Cabinet is required but it is not feasible to arrange a meeting of the Cabinet, the appropriate Director, in conjunction with the Head of Paid Service is authorised to take the appropriate urgent action provided that the action shall have first been discussed with and approved in writing by the Leader (or

in the Leader's absence, the Deputy Leader) and two other Cabinet Members and the Chair and Vice-Chair of the Scrutiny Board or their nominees.

The written authorisation must include details of the proposal and the justification for the course of action. Expenditure must be within existing budgets. Any action taken under this rule must be reported to the next available meeting of the Cabinet for information. Such decisions will not be subject to the usual Call In procedures set out in Part 4, although they may be examined after implementation to determine whether the justification for the course of action was appropriate.

- 3.2 This proposed decision falls into the criteria for urgent decisions set out above. As detailed above the matters covered in this report are ones that do not have authority unless covered by this report and must be made to support businesses in the City.

4.0 Reasons for decision

- 4.1 The Council has legal and moral duties in relation to a number of aspects arising from COVID-19 this decision gives the authority to set an additional supplementary budget to meet the additional costs funded by Government for additional business support for those businesses not already supported by Government schemes that meet certain key criteria. The proposed approach meets the key criteria set by Government.

5.0 Evaluation of alternative options

- 5.1 A table of the alternative options is detailed below – the challenge is that the amount of funding provided is insufficient to meet the demand, added to which the funding needs to be provided swiftly to be of particular use. The more complex a scheme is the longer it will take to administer. The approach taken is considered to be the most effective approach.

Approach Option Description	Evidence required to support an application	Risk factors	Benefits of this approach	Overall Risk Assessment Level
1) Flat rate pay out (to as many businesses as possible - no prioritisation)	Evidence to meet govt criteria <ul style="list-style-type: none"> • < 50 employees • location • Market license operation • Business reg no. • Trading before 11th March • Suffered significant loss • Not in receipt of previous scheme 	<ul style="list-style-type: none"> • Estimate number of 3000 businesses • Amounts distributed likely to be low (potentially <£1000 per business) 	<ul style="list-style-type: none"> • Easier administration (less complexity with regards to system/process requirements) • Fair • Less scope for challenge • Less organisational challenge 	LOW/MEDIUM
2) Prioritisation of a specific sector such as one or more of the following (capped) <ul style="list-style-type: none"> • Manufacturing (circa 300 businesses) • Creative (circa 200 businesses) • Retail (circa 200 businesses) 	<ul style="list-style-type: none"> • As per option 1, plus; • Bus registration details to identify SIC code (sector) 	<ul style="list-style-type: none"> • Excludes other sectors • Potential issues with evidence and allocation of the grant • Adds more complexity to administration and assessment processes • Once the total grant funding availability has been reached, the Council would not be able to make further payments. Potential challenges around fairness/'first come/first served' approach could surface 	<ul style="list-style-type: none"> • Higher level of grant per business • Addresses local economy needs. • Engages specifically with some very vocal, locally engaged businesses. 	MEDIUM

Approach Option Description	Evidence required to support an application	Risk factors	Benefits of this approach	Overall Risk Assessment Level
<p>3) Prioritisation of hardship (capped)</p>	<ul style="list-style-type: none"> As per option 1, but with particular emphasis of demonstrable loss of trade 	<ul style="list-style-type: none"> No guarantee every business would receive a grant Adds more complexity to administration and assessment processes Evidence and assessment could impact on the delivery time Evidence of 'loss' could be challenging for businesses to evidence May favour more tech savvy operations and those more skilled in financial administration <p>Once the total grant funding availability has been reached, the Council would not be able to make further payments unless additional funding was received.</p>	<ul style="list-style-type: none"> Reaches those who have been hardest hit. Addresses needs of very vocal, locally engaged businesses Higher level of grant per business 	<p>MEDIUM</p>

Approach Option Description	Evidence required to support an application	Risk factors	Benefits of this approach	Overall Risk Assessment Level
<p>4) Complex criteria – multiple factors including (capped):</p> <ul style="list-style-type: none"> • Pay the Living wage • Have no zero hours contracts • Will pledge to Wolves@work • Commit to Wolverhampton's City Charter 	<ul style="list-style-type: none"> • As per option 1, plus; • Evidence of the additional criteria 	<ul style="list-style-type: none"> • No of businesses unknown • Some business would not meet the criteria and therefore not receive the grant • Evidence and assessment likely to impact on the delivery time • High degree of complexity in administration and assessment processes • Business may struggle to provide evidence of the criteria <p>Once the total grant funding availability has been reached, the Council would not be able to make further payments unless additional funding was received.</p> <ul style="list-style-type: none"> • May favour more tech savvy operations 	<ul style="list-style-type: none"> • Responds to key social economic agendas of the city • Higher level of grant per business (but stricter conditions and limited total grant availability would likely result in less businesses receiving monies. 	<p>HIGH</p>

6.0 Financial implications

- 6.1 Government have announced an additional COVID 19 – Discretionary Business Support Grant to help support small businesses who were previously out of scope of the Small Business Grant and Retail, Hospitality and Leisure Fund. Wolverhampton’s allocation is £2.3 million.
- 6.2 As detailed in section 2.7 it is proposed that grants of £5,000 are awarded to businesses who meet the criteria. It would result is 460 business receiving grant support out of a possible 1,700. Grants will be awarded on a first come first served basis until the total allocation of £2.3 million is allocated.
- 6.3 In order to enable the Council to provide support to more businesses, representation will be made to Government on the use of any underspends from the Small Business Grants and Retail, Hospitality and Leisure Fund. If this is successful, then this will be made available to business that meet the criteria as detailed in section 2.

[AS/29052020/D]

7.0 Legal implications

- 7.1 The approach taken by the Council is in line with the guidance issued by Government. The Council will take steps to ensure that the rules in terms of State Aid, as set out in the Government Guidance document - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/887310/local-authority-discretionary-fund-la-guidance-v2.pdf , are met during the eligibility assessment process.
- 7.2 The approach taken is one that can be objectively justified and it is considered to be a lawful approach.

[DP/29052020/A]

8.0 Covid-19 implications

- 8.1 The approach set out above seeks to address the Covid-19 impact on small businesses not already able to access Government grant schemes.

9.0 Schedule of background papers

- 9.1 2020-2021 Budget and Medium-Term Financial Strategy 2020-2021 to 2023-2024, report to Full Council on 4 March 2020

Amendments to Council Budget and decisions related to Council actions as result of Covid-19, Special Urgency Decision, 27 March 2020

Decisions related to Council actions as result of Covid-19, Special Urgency Decision, 29 April 2020

COVID 19 – Allocation of Grant Funding, Individual Executive Decision Notices, 8 April 2020

10.0 Appendices

N/a