

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Special Urgency Decision</b>
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<b>Report title</b>	Discretionary Business Support Grant – Covid-19	
<b>Decision Maker</b>	Special Urgency Decision	
<b>Cabinet member with lead responsibility</b>	Councillor Ian Brookfield Leader of the Council	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Richard Lawrence, Director of Regeneration	
<b>Originating service</b>	Regeneration	
<b>Accountable employee</b>	Isobel Woods	Head of Skills and Enterprise
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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. Agree the approach to the distribution of the remaining discretionary business grant as detailed in the report.
2. Establish supplementary expenditure budgets totalling £47,000 funded by new Burdens funding to support the costs of administrating the discretionary business grants scheme.

This is agreed by the following:

Leader of the Council .....

Cabinet member .....

Cabinet member.....

Chair of Scrutiny Board.....

Vice-Chair of Scrutiny Board.....

Dated.....

## 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 a further round of Discretionary Business Support Grant.

## 2.0 Background

- 2.1 On 1<sup>st</sup> 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 The council launched the first round of its Discretionary Grant Fund on 1<sup>st</sup> June. The scheme planned to support 460 micro and small businesses, charities, B&Bs, market traders - those employing 10 or less employees, to offer £5,000. Having completed this first call, the final number of claims will be in region of 135 businesses, receiving a total of £675,000. The council agreed that should there be funds remaining then we would announce a further round of the Discretionary Grant Fund.
- 2.3 To be eligible for the grant, 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 for a further round of funding.
- 2.4 For all businesses in receipt of the grant they must satisfy the essential criteria, (further details are set out in paragraph 2.5)
  - Demonstrate the business has seen a significant drop of income due to Coronavirus restriction measures.
  - Not in receipt of other specific grants
  - Have incurred fixed property costs
  - Traded business as at 11<sup>th</sup> March 2020

2.5 In issuing the grant the council must ensure it can verify the following: -

- 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

2.6 Since the first announcement of the Discretionary Grant Fund, further guidance has been issued giving Local Authorities greater flexibility in how they can issue the funds. Notably these are

- Support businesses who are in properties whose RV is greater than £51,000
- Support businesses who employ more than 50 employees.
- Support home-based businesses

2.7 It is proposed that the council incorporate these in the next round of the Discretionary Grant Fund, which will enable us to extend the offer of a meaningful benefit to more local businesses.

2.8 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 new round of grant support focuses on two areas. The first, to continue to support micro businesses and the second, to offer a higher level of grant to those businesses which have not yet been able to receive the grant support. The next round of Discretionary Grant Funding is proposed to

- Firstly, reopen the criteria issued on 1<sup>st</sup> June, to offer £5,000 to businesses who employ 10 or less employees, who can demonstrate hardship. With the addition of home-based businesses who can demonstrate the businesses trading position, loss of income and property costs.
- Secondly, invite businesses who employ 11 or more staff, or who are in rateable premises above £51,000, to offer £10,000

- 2.9 In addition the council is also proposing to offer £25,000 under exceptional circumstance, determined by incurring a significant loss, investing in keeping the staff employed, the rateable value and signing up to working with the council on other schemes.
- 2.10 We also propose to introduce a commitment from businesses, to pledge to use the funds to help sustain employment in the city. Officers will engage and work with businesses to monitor and support this crucial agenda for the city.
- 2.11 We will use the online system built for the earlier round, to manage the process. We intend to go live week commencing Monday 20<sup>th</sup> July. The system has a customer portal login and a tracking system that the businesses can use to log in to track progress of their application through several stages. We propose to extend the application window for two weeks, to open from 12pm on 24<sup>th</sup> July 2020 to 12pm on 7<sup>th</sup> August 2020. We will work on a first come first served basis of applications who have submitted all the required evidence, clearly demonstrating they meet the criteria of the scheme. Applications will only be considered once all the evidence has been submitted.

### **3 Reasons for Special Urgency**

- 3.1 In the light of the current situation involving COVID-19 the Council has been using the powers to hold remote meetings save for full Council, decisions which would normally be made by full Council are being made using urgent action powers as are decisions which need extreme urgency. Where urgent action powers are used they 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 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 Evaluation of alternative options**

- 5.1 Following a review of the previous grant schemes it identified a high number of ineligible businesses who were either, home-based businesses, employed above 10 employees, or in premises with a rateable value above £51,000. During the first Discretionary Grant scheme officers continued to receive enquiries after the closing date, from eligible businesses. It is with this evidence of activity that officers have prepared the criteria for this next round. To increase the length of time for businesses to apply, to re-open the first round and to introduce a wider criterion, with a higher value grant for those companies that have more employees and are still struggling to secure a positive trading position.

### **6 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 was £2.3 million. The remaining budget currently stands at £1.6 million

- 6.2 As detailed in section 2.8 and 2.9 it is proposed that grants of £5,000, £10,000 or £25,000 are to be awarded to businesses who meet the criteria. It is viewed that this will assist around 170 businesses, the final figure will be determined by the applications the council receives. Grants will be awarded on a first come first served basis, subject to having the required evidence, until the remaining budget of £1.6 million is allocated.
- 6.3 The council is required to have in place, strong governance and validation prior to issuing the grant. To ensure we have clear assessments of evidence particularly with the Evidence of Loss, the council will look to appoint external financial advice and support. We also propose to appoint a small team of temporary staff from Yoo Recruit to ensure the process is sufficiently supported
- 6.4 It is proposed to commission external financial support for a total of £23,000 and to appoint a temporary team of staff for a total of £24,000. It is anticipated that this will the funding for this service will be covered from the extra Burdens Funding which the government have provided to the council to enable us to deliver the scheme.

[AS/15072020/R]

## **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](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/16072020/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