

Notice of KEY Executive Decision (Special Urgency)

Subject Heading:	Agreement of Discretionary Top Up Business Grant Scheme – Phase 1
Cabinet Member:	Cllr Damian White
SLT Lead:	Neil Stubbings
Report Author and contact details:	Howard Swift Tel: 01708 432654 E: howard.swift@haverling.gov.uk
Policy context:	Havering Corporate Plan 2019/2020. Opportunities: Helping Our Businesses Grow
Financial summary:	Grant funding will be contained within the funding envelope to be advised by Government. The cost of administering the scheme will be around £20,000 to be provided from COVID-19 funds.
Reason decision is Key	Significant effect on two or more Wards. Expenditure more than £500,000
Relevant OSC:	OSC
Is it an urgent decision?	Yes
Is this decision exempt from being called-in?	<i>Yes, due to Special Urgency</i>

The subject matter of this report deals with the following Council Objectives

Communities making Havering	<input type="checkbox"/>
Places making Havering	<input type="checkbox"/>
Opportunities making Havering	<input checked="" type="checkbox"/>
Connections making Havering	<input type="checkbox"/>

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Cabinet is requested to approve and endorse the highlighted measures outlined below:

1. To authorise the establishment of a Discretionary Business Grant Scheme at an initial sum of £924k or such larger sum as might be needed fully to satisfy eligible claims for grant within categories a/, b/ and c/ at Para 2 below but always within the overall funding envelope from government of £1.758m
2. To approve the prioritisation of the following categories of businesses as more particularly described in the body of this report
 - a. Businesses in managed workspace and incubators not separately rated
 - b. Retailers in shared retail space not separately rated
 - c. Market Traders
3. To approve the level of grant to be paid at 2a and 2b – £5,000 per business and to each eligible market trader at 2c a sum equivalent to six months' rent
4. To delegate to the Director of Regeneration in consultation with the Chief Operating Officer all matters related to the administration of the funds and to authorise the allocation of £20,000 to cover the provision of additional grant processing capacity through agency staff or contracted service provision.

AUTHORITY UNDER WHICH DECISION IS MADE

Authority is The Leader has exercised his Executive authority, as set out in Part 3, Section 2 of the Council's Constitution:

- (c) To determine all substantial policy matters and strategic decisions and those minor matters which are referred by the Leader at the request of an individual Cabinet Member as being particularly contentious.

STATEMENT OF THE REASONS FOR THE DECISION

Previous Scheme of Support

1. On 23 March 2020, at the time that COVID-19 restrictions commonly referred to as 'lockdown' commenced, the Government announced a package of support for businesses which had continuing property related expenses to be maintained, at a time when income was expected to be depressed. Recognising the need to fund quickly a very large number of companies, local government was asked to administer the scheme and was required to target funding at businesses occupying accommodation subject to business rates as follows:
 - Small Business Grant Fund – a grant of £10k which is available to all businesses who are in receipt of small business rate relief or rural rate relief, and are registered in the business rate system.
 - Retail, Hospitality, Leisure Grant Fund – a grant available to all businesses in receipt of the Expanded Retail Discount, with a rateable value of less than £51K.
 - Rateable value of less than £15K – receive £10K
 - Rateable value of between £15K and £51K – receive £25K
2. This scheme has been delivered by the Council's OneSource Business Rates team supported by the Economic Development Business Support Helpline. At this time 84% of eligible grant has been paid to 81% of potential claimants; a total of £33.225m to 2,440 claimants. A further £6.3m remains available for grant subject to application.

New Scheme of Support

3. Despite the very large sums paid out by the Council and funded by central government, it has been widely recognised that a wide range of small and micro businesses had been unable to take advantage of the scheme due to their individual circumstances – in particular, companies not separately subject to business rate valuation could not claim leaving many small companies locally left unsupported.
4. Addressing these concerns, on 2 May 2020 the Government announced a further £617m to be made available to local authorities to allocate on a discretionary basis to those small and micro businesses locally considered to be most significant in the context of local economic conditions. Havering's initial allocation has not yet been confirmed but is estimated to be £1.758m. Detailed technical guidance on the scheme was issued by the Government on 13 May 2020 and is attached at Appendix 1. The guidance states that the grants are aimed at small and micro businesses:-
 - 4.1 with relatively high ongoing fixed property-related costs;
 - 4.2 which can demonstrate that they have suffered a significant fall in income due to the COVID-19 crisis; or
 - 4.3 which occupy property, or part of a property, with a rateable value or annual rent or annual mortgage payments below £51,000.
5. The Government requested that priority be given to: -
 - 5.1 Tenants of managed workspace or other flexible workplaces such as units in industrial parks, science parks and incubator accommodation which do not have their own business rates assessment,

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5.2 bed and breakfast accommodation not rated under National Non Domestic Rates, charities previously excluded by virtue of their exemption from business rates and finally market traders.

6. Liberal interpretation of the guidance would allow a very wide selection of companies to be assisted but within its expected funding envelope of around £1.758m the Council will need to prioritise those companies upon which the local economy is most dependant and which are most threatened by the disruptive effects of the COVID-19 crisis. There will be no penalty for local authorities because of their use of discretion to prioritise some business types.
7. Updated guidance issued on 22 May confirmed that Businesses who are eligible for the Self-Employed Income Support Scheme (SEISS) are also now eligible to apply for the Local Authority Discretionary Fund.

Recommended Targeting of New Funds

8. The level of funding proposed prioritises those eligible businesses which are most relevant to Havering's economy whilst taking into account anticipated demand and the funding cap of £1.758m. We have modelled the cost of support a range of potential beneficiaries and recommend that priority be given as follows:

a/ **Eligible micro enterprises in managed workspace and incubators** – estimated at about 100 – recommended level of grant £5,000 per business - managed workspace is accommodation operated for the purpose of providing space on short term licences to incubate new start or early growth companies. This would not include accommodation let on fixed term leases unless these can be exited flexibly to aid the growth of the company. It would also not include unmanaged accommodation even where the maintenance of common parts is provided by a managing agent. Furthermore, we would not recommend priority be given to hot desk accommodation even where the same desk is repeatedly occupied by the same user. Total expected cost £500,000.

b/ **Retailers occupying space not separately assessed for business rates** estimated at about 60 – recommended level of grant £5,000 per business - eligible retail accommodation would include retail space occupied permanently and exclusively but not separately rated so would not include concessions within shopping malls occupied on a short term agreement, where stock needs to be removed at the end of the day. Total expected cost £300,000.

c/ **Established market traders in Romford** – about 58 - we are recommending a cash grant equivalent to six months' rent to each eligible stallholder upon reopening their stall and subject to continuing compliance with emerging social distancing requirements. Total expected cost £127,000. It should be noted further that market traders have not been expected to pay rent while the market has been closed. The separate treatment of market traders is in recognition that a trader might have a presence in more than one borough which could open up the possibility of assistance being provided by more than one public authority.

9. All beneficiaries of a grant will also have to demonstrate that they fall within all of the criteria at paragraph 4 above from the Government's guidance

Remaining Funds

10. Our overriding priority will be to ensure that grants paid remain within the funding envelope of £1.758m yet it remains impossible accurately to assess the number eligible

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applicants within each cohort. The recommended proposal will leave a probable £826,000 available for allocation to a slightly wider group of beneficiaries. The allocation of these further funds will become the subject of a further Executive Decision in due course

Administration and Resourcing

11. The Economic Development Team is currently operating at capacity so it is recognised that grant processing will need to be contracted out. The costs of this are currently being assessed but are considered to be around £20,000 not including the costs of related web development to be undertaken by the Council's ICT Service. The Government expect the Council to be able to accept applications from 1 June 2020 with the first grants being paid later that week. It is recommended that detailed arrangement in this regard be delegated to the Director of Regeneration in consultation with the Chief Operating Officer.

OTHER OPTIONS CONSIDERED AND REJECTED

The option to pay grant at a higher level was considered – fixed grants of £10,000 or £25,000 prescribed by Government – but rejected to allow the funds to be more widely applied, and to maintain proportionality to the smaller costs borne by microenterprises.

Payments to other groups highlighted by Government – Bed and Breakfast establishments subject only to Council Tax, and to Charities already benefiting from charitable exemption from the payment of Business Rates. Bed and Breakfast businesses in Havering are few in number and their availability supports the visitor economy while important are considered less significant than new businesses currently in incubation with much higher potential for growth. Charities have already been assisted through previous schemes and are able to benefit from other current schemes of assistance.

We have carefully reviewed the categories of business being proposed to be supported by other London Councils and those in Essex. While local variation is to be expected, our recommended proposals are not dissimilar to those selected by other councils.

PRE-DECISION CONSULTATION

There is no legal obligation to consult on the establishment of the Scheme.

The proposals have been widely consulted upon internally as follows:

Communications – sign off protocol for messaging has been confirmed

ICT

Business Rates drawing on their experience of delivering previous schemes of assistance.

The proposal has been discussed and encouraged at the Business Bronze and Recovery Bronze groups.

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NAME AND JOB TITLE OF STAFF MEMBER ADVISING THE DECISION-MAKER

Name: Howard Swift

Designation: Economic Development Manager

Signature: H J Swift

Date: 27/05/20

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

As stated in the guidance (see Appendix 1), section 1 of the Localism Act 2011 (i.e. the general power of competence) provides local authorities with the power to make the grant payments referred to in this report.

The Council must exercise its discretionary powers under s.1 and this Scheme in a rational way, i.e. in a way that a local authority acting reasonably would do in all the circumstances. It is considered that the scheme is rational as: the proposed criteria are compliant with the Government's guidance and aim to provide grants to those businesses and organisations excluded from other schemes; it takes into account Council strategies and the exclusion of B&B properties is reasonable given their limited role within the Havering's economy. [The provision of an "exceptional circumstances" grant (see 4.5) gives the Council the opportunity to provide grants to organisations or businesses that fall within the Government's target group but otherwise may not receive a grant. A clear rationale for each of these individual "exceptional" grants must be relied upon.]

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during a transition period state aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. The guidance addresses the state aid implications at paragraphs 47 – 51.

FINANCIAL IMPLICATIONS AND RISKS

Grants will be paid from funds provided by central government within an envelope of an expected initial £1.758m

The cost of administering the scheme are yet subject to confirmation but are expected to be around £20,000 to cover the costs of appropriately experience agency staff during the period of the open application window.

HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

Any required additional staffing resource is expected to be procured through the established contract with Adecco or separately by direct appointment of an appropriate contractor in accordance with the Councils procurement requirements.

EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- i. The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

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- ii. The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- iii. Foster good relations between those who have protected characteristics and those who do not

Note: 'Protected characteristics' are: age, gender, race and disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio – economics and health determinants. The proposals relating to this report, if they are implemented, will improve the business environment in the borough and consequently the employment prospects and socio- economic status of residents.

The implementation of the scheme will be reviewed and monitored to ensure it is accessible to the diverse range of businesses within Havering.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

The COVID 19 pandemic is a global and national emergency with serious impact on lives and socio economic activities. National guidance recommends social distancing measures, working from home and only essential travels to reduce further risk to lives.

This report proposes a new activity of the Economic Development Service to provide grant funding to local businesses.

Given the threat to lives posed by the ongoing pandemic, the overriding consideration is to follow national guidance to stay alert and to protect lives. This decision is consistent with that guidance.

Appendix 1

Grant Funding Schemes: Local Authority Discretionary Grants Fund – guidance for local authorities 13 May 2020



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Key Executive Decision

Part C – Record of decision

I have made this executive decision in accordance with authority delegated to me by the Leader of the Council and in compliance with the requirements of the Constitution.

Decision

Proposal agreed

Delete as applicable

Proposal NOT agreed because

Details of decision maker

Signed

Name:

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date:

Lodging this notice

The signed decision notice must be delivered to the proper officer, Debra Marlow, Principal Democratic Services Officer in Democratic Services, in the Town Hall.

For use by Committee Administration

This notice was lodged with me on _____

Signed _____