

Notice of KEY Executive Decision (Special Urgency)

Subject Heading:	COVID-19 Update on Business Rates, Local Restrictions Support Grant
Cabinet Member:	Cllr Roger Ramsey, Cabinet Member for Finance and Property
SLT Lead:	Jane West
Report Author and contact details:	Jane West, Chief Operating Officer jane.west@havering.gov.uk
Financial summary:	The financial implications are unknown at this stage for much of the matters set out in this report but additional government funding is being provided to councils, although the likely full extent of this is still unknown as well.
Reason decision is Key	<i>(c) Significant effect on two or more Wards</i>
Date notice given of intended decision:	
Relevant OSC:	Overview and Scrutiny Board
Is it an urgent decision?	Yes
Is this decision exempt from being called-in?	Yes, due to Special Urgency

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

Communities making Havering
Places making Havering

□
□

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Opportunities making Havering
Connections making Havering

[X]
[]

Part A – Report seeking decision

DETAIL OF THE DECISION REQUESTED AND RECOMMENDED ACTION

Due to the restrictions imposed by government to slow down the spread of COVID-19, the Council has been asked to provide Local Restriction Support Grants to specified businesses where the Secretary of State for Health & Social Care requires the closure of businesses in a local area under regulations made using powers in Part 2 A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus and commonly as part of a wider set of measures.

Recommendations

1. That the council approve the administration of the Government's Covid19 local Restrictions Support Grant to businesses as set out in Appendix A.
2. That Discretionary Grants be paid generally in conformity with the provisions of paragraph 1.8 and within the scope of the provisions described at Appendix A but that authority be delegated to the Chief Operating Officer in all matters concerning the administration of the new Local Business Support and Discretionary Grant Fund including the determination of eligibility as appropriate, in consultation with Cllr Ramsey.

AUTHORITY UNDER WHICH DECISION IS MADE

Part 3 of the Constitution- Responsibility for Functions: Para. 2.2 (a) (i) relating to taking decisions relating to the Council's finances including but not exclusively budget control

STATEMENT OF THE REASONS FOR THE DECISION

- 1.1 These decisions are required under "Special Urgency" to allow the Council to plan and undertake effective strategies for working and service delivery during the current Covid 19 outbreak.
- 1.2 The recent worldwide outbreak of COVID19 has resulted in an increasing number of confirmed cases and related deaths in the UK, prompting the government to implement a series of unprecedented measures in an effort to reduce risk to the UK population and pressures on the NHS. The restrictions introduced have had an enormous impact on businesses, families and individuals.
- 1.3 The government has recognised the potentially devastating impact of the restrictions on the UK and has introduced a wide range of measures to mitigate this. Councils have been asked to implement some of the measures.

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- 1.4 The Council has been instructed by government to implement the Local Restrictions Support Grant to specified businesses in the event that a local lockdown is invoked by the Secretary of State for Health & Social Care.
- Specified businesses occupying property's appearing in the Local Rating list with a rateable value of less than £51,000 on the date of the commencement of the local lockdown will receive a payment of £1,000 per qualifying lockdown period (3 weeks), although ministerial statements have indicated this has now increased to £3,000 per month to eligible businesses. Confirmation and guidance on this is still awaited from BEIS.
 - Specified businesses occupying property's appearing in the Local Rating List with a rateable value of exactly £51,000 or above on the commencement of the local lockdown will receive a payment of £1,500 per qualifying lockdown period.
- 1.5 The government will, in line with the eligibility criteria reimburse local Authorities that pay grants to eligible businesses that are affected by a local lockdown and required to close (with normal reconciliation between grant allocation and actual eligible costs). Central Government will fully reimburse Local Authorities using a grant under section 31 of the Local Government Act 2003. The Council will be responsible for delivering the funding to eligible businesses.
- 1.6 Alongside the grants referred to above, the Council has operated a Discretionary Grant Fund targeted at companies outside the system of business rates but which nonetheless have had to bear relatively high ongoing property costs and have suffered a significant drop in income. Companies based at home were judged not to have avoidable business property costs but grant was extended to include such businesses where the business has a mobile asset used to deliver a service and valued at at least £5,000. A single level of grant was applied at £10,000 for each business subject to it demonstrating a reduction in income of at least 20% measured between the first two quarters of the calendar year.
- 1.7 The Government now proposes to allow the Council to grant further sums capped at 5% of the sums expected to be paid under paras 1.1-1.5 above on a discretionary basis.
- 1.8 Any local lockdown is expected to have an immediate adverse impact on companies unable to continue to trade and will create an immediate need for liquidity. It is proposed therefore to make payments of £1,000 for each three week period of lockdown to companies that have previously been paid a grant of £10,000 but only where the ordinary turnover of the business before the COVID crisis exceeds £50,000 per annum. This will have the effect of recognising that previous grant recipients with lower turnovers will have already been adequately supported and that indeed it is those businesses whose scale of loss is greatest in absolute terms (rather than by proportion of normal income) that will likely have escalating losses caused by a further lockdown that will not have been mitigated already.

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OTHER OPTIONS CONSIDERED AND REJECTED

This request is made to enable the Council to administer the Governments Local Restrictions Support Grant

PRE-DECISION CONSULTATION

The Leader and Councillor Ramsey to be briefed.

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

Name: Jane West

Designation: Chief Operating Officer

Signature:

Date:

Part B - Assessment of implications and risks

LEGAL IMPLICATIONS AND RISKS

Localised restrictions are legally binding restrictions imposed on specific local authority areas or multiple local authority areas, where the Secretary of State for Health and Social Care requires the closure of businesses in a local area under regulations made using powers in Part 2A of the Public Health (Control of Disease) Act 1984 in response to the threat posed by coronavirus and commonly as part of a wider set of measures.

The Government has stated that in line with the eligibility criteria set out in the guidance, to reimburse local authorities that pay grants to eligible businesses that are affected by a local lockdown and required to close (with normal reconciliation between grant allocation and actual eligible costs). The guidance states that central government will fully reimburse local authorities, in line with the guidance and the grant offer letter sent to Local Authorities, for the cost of the grant (using a grant under section 31 of the Local Government Act 2003). Local authorities will be responsible for delivering the funding to eligible businesses.

Local authorities will receive two elements of funding:

- a) Funding to meet the cost of payments to businesses within the business rates system based on an assessment of the number of eligible business hereditaments.
- b) An additional 5% to be used as discretionary grant funding to support businesses which are closed but are not in the business rating system as well as businesses that may not be required to close but which are severely impacted (e.g. because of closure of their suppliers or the customers they supply to).

Local authorities that will be responsible for making payments to businesses, and which will receive funding from Government, are business rate billing authorities in England.

This grant scheme will offer support to businesses required to close as part of the management of coronavirus transmission and infection in areas where business closures as part of a nationally agreed package of localised restrictions are put in place.

In the guidance the Government has stated commitment to meeting the New Burdens costs to local authorities for this scheme. A New Burdens Assessment will be completed, and funding then provided to authorities.

State aid

The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State aid rules continue to apply during a transition period, subject to regulation by the EU Commission. Local authorities must be satisfied that all State aid requirements have been fully met and complied with when making grant payments, including, where required, compliance with all relevant conditions of the EU State aid De-Minimis Regulation, the EU Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, the approved Covid-19 Temporary Framework for UK Authorities, and any relevant reporting requirements to the EU Commission.

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Payments made can be provided under the existing De Minimis rules, provided doing so does not exceed the €200,000 threshold. Payments made where the De Minimis threshold has been reached should be paid under the Covid-19 Temporary Framework for UK Authorities (threshold €800,000).

Any business that has reached the limits of payments permissible under the De Minimis and the UK Covid-19 Temporary State Aid Framework will not be able to receive further grant funding.

FINANCIAL IMPLICATIONS AND RISKS

Central government have committed to reimburse local authorities for payments made under the Local Restrictions Support Grant in line with the eligibility criteria outlined within the report and appendix, via the s31 grant system.

An application process will allow the council to undertake prepayment checks to confirm eligibility relative to their local scheme and to allow each discretion in relation to the appropriate level of grant. The council will be expected to carry out due diligence checks when paying the grants. There will be post payment reporting processes established to ensure the council reports to BEIS as will the previous support grants and reliefs to businesses.

The cost of administering the scheme is yet to be established but the cost for the previous process was around £20,000.

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

There are no HR implications arising from this report.

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;
- (ii) The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

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- (iii) Foster good relations between those who have protected characteristics and those who do not.

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

An EqHIA (Equality and Health Impact Assessment) is usually carried out when a proposed or planned activity is likely to affect staff, service users, or other residents. It is acknowledged that due to the urgency of the threat posed by the coronavirus, it will not be possible to carry out an EqHIA in advance of these decisions being made but they are considered to be of low risk and of benefit to those in need.

HEALTH AND WELLBEING IMPLICATIONS AND RISKS

The purpose of this decision is to protect businesses, families and individuals from the impact of Coronavirus.

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BACKGROUND PAPERS

Appendix A – BEIS Local Restrictions Support Grant

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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

Details of decision maker

Signed

A handwritten signature in black ink that reads "Damian White". The signature is written in a cursive style with a horizontal line underneath the name.

Name: Councillor Damian White

Cabinet Portfolio held:

CMT Member title:

Head of Service title

Other manager title:

Date: 26th October 2020

Lodging this notice

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

For use by Committee Administration

This notice was lodged with me on _____

Signed _____

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